

ANGLIAN WATER SERVICES FINANCING PLC

(incorporated with limited liability in England and Wales with registered number 4330322)

GBP31,883,688 3.983 per cent. Class A senior unwrapped guaranteed registered Bonds due October 2022
US\$47,000,000 5.000 per cent. Class B unwrapped guaranteed registered Bonds due October 2022
GBP22,318,581.81 3.983 per cent. Class A senior unwrapped guaranteed registered Bonds due October 2022
GBP15,000,000 1.37 per cent. Class A senior unwrapped guaranteed registered RPI-Linked Bonds due
August 2022
GBP50,000,000 2.05 per cent. Class A senior unwrapped guaranteed registered RPI-Linked Bonds due
February 2033
GBP73,332,483.10 4.394 per cent. Class A senior unwrapped guaranteed registered Bonds due April 2028
GBP25,506,951 4.195 per cent Class B unwrapped guaranteed registered Bonds due October 2017

under the €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)

ISSUE PRICE: 100 PER CENT. OF PAR

Prospectus

This document (including the information incorporated by reference herein) constitutes a prospectus (the “**Prospectus**”) in respect of **GBP31,883,688 3.983 per cent. Class A senior unwrapped guaranteed registered Bonds due October 2022** (the “**GBP31,883,688 Class A Bonds**”), **GBP22,318,581.81 3.983 per cent. Class A senior unwrapped guaranteed registered Bonds due October 2022** (the “**GBP22,318,581.81 Class A Bonds**”), **GBP15,000,000 1.37 per cent. Class A senior unwrapped guaranteed registered RPI-Linked Bonds due August 2022** (the “**GBP15,000,000 Class A RPI Bonds**”), **GBP50,000,000 2.05 per cent. Class A senior unwrapped guaranteed registered RPI-Linked Bonds due February 2033** (the “**GBP50,000,000 Class A RPI Bonds**”), **GBP73,332,483.10 4.394 per cent. Class A senior unwrapped guaranteed registered Bonds due April 2028** (the “**GBP73,332,483.10 Class A Bonds**”) and, together with the **GBP31,883,688 Class A Bonds**, the **GBP22,318,581.81 Class A Bonds**, the **GBP15,000,000 Class A RPI Bonds** and the **GBP73,332,483.10 Class A Bonds**, the “**Class A Bonds**”), **US\$47,000,000 5.000 per cent. Class B unwrapped guaranteed registered Bonds due October 2022** (the “**US\$47,000,000 Class B Bonds**”) and **GBP25,506,951 4.195 per cent Class B unwrapped guaranteed registered Bonds due October 2017** (the “**GBP25,506,951 Class B Bonds**”) and, together with the **US\$47,000,000 Class B Bond**, the “**Class B Bonds**”) issued by Anglian Water Services Financing PLC (the “**Issuer**”) for the purposes of Article 5 of Directive 2003/71/EC (the “**Prospectus Directive**”). The **Class A Bonds** and the **Class B Bonds** are together the “**Bonds**”.

Listing and Admission to Trading

This Prospectus has been approved by the UK Financial Services Authority (the “**FSA**”), which is the United Kingdom competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom (the “**UK Regulatory Authority**”). Application has been made to the FSA in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “**FSMA**”) for the Bonds to be admitted to the official list of the UK Regulatory Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Bonds to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”) on or around the date of this Prospectus. References in this Prospectus to Bonds being “listed” (and all related references) shall mean that such Bonds have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated Market for the purposes of the Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

Ratings

As of the date of this Prospectus, the Bonds are rated as follows:

Class	Standard & Poor's	Moody's	Fitch
Class A Bonds.....	A-	A3	A
Class B Bonds.....	BBB	Baa3	BBB+

The credit ratings included or referred to in this Prospectus have been issued by Standard & Poor's, Moody's and Fitch (each defined below), each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies, as amended.

Any ratings ascribed to the Bonds reflect only the views of Moody's Investors Service Limited ("Moody's"), Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's" or "S&P") and Fitch Ratings Ltd ("Fitch") and, together with Moody's and Standard & Poor's, the "Rating Agencies". A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning Rating Agency.

As defined by S&P, an A- rating means that the obligations of the Obligors are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the Obligors' capacity to meet their financial commitment on the obligation is still strong. The addition of the minus (-) sign indicates a ranking in the lower end of the 'A' rating category.

As defined by Moody's, an A3 rating means that the obligations of the Obligors are considered upper-medium grade and are subject to low credit risk. The modifier 3 indicates a ranking in the lower end of the 'A' generic rating category.

As defined by Fitch, an A rating means that the obligations of the Obligors are expected to have a low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

As defined by S&P, a BBB rating means that the obligations of the Obligors exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Obligors to meet their financial commitment on the obligation.

As defined by Moody's, a Baa3 rating means that the obligations of the Obligors are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics. The modifier 3 indicates a ranking in the lower end of the 'Baa' generic rating category.

As defined by Fitch, a BBB+ rating indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. The addition of the plus (+) sign indicates that the obligation ranks in the higher end of the 'BBB' rating category.

Definitions

Unless otherwise defined, capitalised terms used in this Prospectus have the meanings set out in the terms and conditions of the Bonds and in the Base Prospectus dated 6 October 2011 (the "Base Prospectus").

Investment Risks

Prospective investors should have regard to the factors described under the section of the Base Prospectus titled "Risk Factors" herein.

The date of this Prospectus is 2 October 2012.

Responsibility: Each of the Issuer and the other Obligors accepts responsibility for the information (including all information incorporated by reference herein as set out on pages 9 and 10) contained in this Prospectus. To the best of the knowledge of each of the Issuer and the other Obligors (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Independent Investigation: Neither this Prospectus nor any financial statements or any other financial information supplied in connection with the Bonds is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Obligors, the Bond Trustee, the Security Trustee or the Other Parties that any recipient of this Prospectus or any financial statements or any other financial information supplied in connection with the Bonds should purchase the Bonds. Investors should conduct their own independent investigations into the financial condition and affairs of, and their own appraisal of the creditworthiness of, the Obligors.

Suitability of Investment: Each prospective investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to evaluate the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the terms of the Bonds, as the case may be, and be familiar with any relevant entities; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Issuer, the Obligors, any member of the AWS Financing Group, the Bond Trustee, the Security Trustee, the Financial Guarantors or the other parties accept responsibility to investors for the regulatory treatment of their investment in the Bonds (including (but not limited to) whether any transaction or transactions pursuant to which Bonds are issued from time to time is or will be regarded as constituting a “securitisation” for the purpose of the EU Capital Requirements Directive (Directive numbers 2006/48/EC and 2006/49/EEU as amended by Directive 2009/111/EC (the “CRD”)) and the application of Article 122a of the CRD to any such transaction) by any regulatory authority in any jurisdiction. If the regulatory treatment of an investment in the Bonds is relevant to any investor’s decision whether or not to invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator. Prospective investors are referred to the section entitled “*Risk Factors – Changes to the risk weighted asset framework*” of the Base Prospectus for further information.

Change of Circumstances: The delivery of this Prospectus shall not, in any circumstances, create any impression that the information contained herein concerning the Obligors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date indicated in the document containing the same.

Distribution: The distribution of this Prospectus and the resale of the Bonds in certain jurisdictions may be restricted by law. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any

person to whom it is unlawful to make such offering or solicitation and, except as expressly provided in this Prospectus, no action is being taken to permit an offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action is required. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. The Bonds and the guarantees in respect thereof have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. Details of selling restrictions for certain jurisdictions are set out in section 15.1 of the section of the Base Prospectus titled “*Chapter 15 – Subscription and Sale and Transfer and Selling Restrictions*”.

Representations: In connection with the issue and sale of the Bonds, no person has been authorised to give any information or to make any representation not contained in or consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Obligors. The Obligors do not accept responsibility for any information not contained in this Prospectus.

No Advice: This Prospectus is not, nor does it purport to be, investment advice. None of the Obligors is acting as an investment adviser or providing advice of any other nature, or assumes any fiduciary obligation, to any investor in the Bonds. Prospective investors are not to construe the contents of this Prospectus, or any prior or subsequent communications from or with the Obligors or any other entities, professionals or individuals associated with the offering, as legal, tax or business advice. Each prospective investor should consult its own attorney, tax advisor and business advisor as to the legal, business, and tax and related matters concerning this investment.

Regulatory Review: The contents of this Prospectus have not been reviewed or approved by any regulatory authority (other than the FSA, which is the UK Regulatory Authority for the purposes of the Prospectus Directive).

Additional Disclaimers and Considerations: Bonds may be issued subject to additional disclaimers and considerations in respect of risk and tax consequences involved in investing in such Bonds.

U.S. INFORMATION

This Prospectus is being distributed on a confidential basis in the United States to a limited number of QIBs or Institutional Accredited Investors for informational use solely in connection with the consideration of the purchase of the Bonds being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Bonds may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. prospective purchaser of Registered Bonds is hereby notified that the offer and sale of any Registered Bonds to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“**Rule 144A**”).

Purchasers of Definitive IAI Registered Bonds will be required to execute and deliver an IAI Investment Letter. Each purchaser or holder of Definitive IAI Registered Bonds, Bonds represented by a Rule 144A Global Bond or any Bonds issued in registered form in exchange or substitution therefor (together “**Legended Bonds**”) will be deemed, by its acceptance or purchase of any such Legended Bonds, to have made certain representations and agreements intended to restrict the resale or other transfer of such Legended Bonds as set out in Chapter 15, “*Subscription and Sale and Transfer and Selling Restrictions*” of the Base Prospectus. Unless otherwise stated, terms used in this paragraph have the meanings given to them in Chapter 8, “*Form of the Bonds*” of the Base Prospectus.

The Bonds and the guarantees in respect thereof have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Bonds or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Bonds that are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer and each of the other Obligors has undertaken to furnish, upon the request of a holder of such “restricted securities” or any beneficial interest therein or a prospective purchaser of such “restricted securities” designated by such

holder, to such holder or to such prospective purchaser, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Bonds are “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein include “forward-looking statements”. All statements other than statements of historical facts included in this Prospectus and the documents incorporated by reference herein, including, without limitation, those regarding Anglian Water’s financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Anglian Water’s services), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglian Water, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Anglian Water’s present and future business strategies and the environment in which Anglian Water will operate in the future. The important factors that could cause Anglian Water’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, legislative, regulatory or other circumstances affecting anticipated revenues, costs or capital expenditure requirements, future climatic and environmental conditions, future economic conditions including changes in customer demand, development of competition within the water supply and wastewater industry and changes in capital market conditions. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Chapter 3, “*Risk Factors*” of the Base Prospectus. These forward-looking statements speak only as of the date of this Prospectus. Anglian Water expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglian Water’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Each of the Issuer, Anglian Water and Anglian Water Services Holdings Ltd is a corporation organised under the laws of England and Wales. All of the officers and directors of the Issuer, Anglian Water and Anglian Water Services Holdings Ltd named herein reside outside the United States and all or a substantial portion of the assets of the Issuer, Anglian Water and Anglian Water Services Holdings Ltd and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England upon the Issuer, Anglian Water or Anglian Water Services Holdings Ltd, as the case may be, or such persons, or to enforce judgments against them obtained in courts outside England predicated upon civil liabilities of the Issuer, Anglian Water or Anglian Water Services Holdings Ltd, as the case may be, or such directors and officers under laws other than English law, including any judgment predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

Each of the Issuer, Anglian Water and Anglian Water Services Holdings Ltd has been advised by Linklaters LLP, its counsel, that there is doubt as to the enforceability in England in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

Anglian Water Services Overseas Holdings Limited is and exempted company incorporated under the laws of the Cayman Islands. All of the officers and directors of Anglian Water Services Overseas Holdings Limited named herein reside outside the United States and all or a substantial portion of the assets of Anglian Water Services Overseas Holdings Limited and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Cayman Islands upon Anglian Water Services Overseas Holdings Limited or such persons, or to enforce judgments against them obtained in courts outside the Cayman Islands predicated upon civil liabilities of Anglian Water Services Overseas Holdings Limited or such directors and officers under laws other than Cayman Islands law, including any judgment predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

Anglian Water Services Overseas Holdings Limited has been advised by Maples and Calder, its counsel, that there is doubt as to the enforceability in the Cayman Islands in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Each of the Obligors maintains its financial books and records and prepares its financial statements in Sterling in accordance with generally accepted accounting principles in the United Kingdom (“**U.K. GAAP**”) which differ in certain significant respects from generally accepted accounting principles in the United States (“**U.S. GAAP**”).

The financial information of Anglian Water Services Overseas Holdings Ltd included in this Prospectus has not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002. However, there would be no material differences in the financial information had the financial information of Anglian Water Services Overseas Holdings Ltd included in this Prospectus been prepared in accordance with Regulation (EC) No 1606/2002.

All references in this Prospectus to “**Sterling**” and “**£**” refer to pounds sterling, to “**U.S. dollars**”, “**U.S.\$**” and “**\$**” refer to United States dollars and to “**euro**”, “**Euro**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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DOCUMENTS INCORPORATED BY REFERENCE

The following information has been filed with the FSA and shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the following sections of the Base Prospectus that has been approved by the UK Listing Authority:

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1	Chapter 1 – Parties	21-24
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- (b) the supplemental prospectuses to the Base Prospectus dated 5 December 2011 (the purpose of which was to incorporate by reference into the Base Prospectus the consolidated financial results of Anglian Water as at, and for the six months ended, 30 September 2011), 7 March 2012 (the purpose of which was to supplement the disclosure in the Base Prospectus, to reflect (i) the publication of the Government’s Water White Paper “*Water for Life*” and (ii) the issue of a “section 13 notice” by Ofwat proposing certain modifications to water companies’ licences as part of its future price limits review) and 1 June 2012 (the purpose of which was to incorporate by reference into the Base Prospectus the preliminary consolidated financial results of Anglian Water as at, and for the year ended, 31 March 2012);

- (c) for the financial years ended 31 March 2011 and 2012 (i) the audited consolidated annual financial statements of Anglian Water and (ii) the audited annual financial statements of each of the Issuer and Anglian Water Services Holdings Ltd, together in each case with the audit report thereon, which have been previously published and which have been approved by the Financial Services Authority or filed with it;
- (d) for the six months ended 30 September the consolidated financial results of Anglian Water which have been previously published and which have been approved by the Financial Services Authority or filed with it; and
- (e) for the financial year ended 31 March 2012 the preliminary consolidated annual financial statements of Anglian Water which have been previously published and which have been approved by the Financial Services Authority or filed with it,

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Any information or documents themselves incorporated by reference in the documents incorporated by reference shall not form part of this Prospectus. Where only certain parts of a document are incorporated by reference in this Prospectus, the non-incorporated parts are either not relevant to the investor or are covered elsewhere in this Prospectus.

Each Obligor will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to any of the Issuer or other Obligors at their respective offices set out at the end of this Prospectus.

OVERVIEW

Issuer	Anglian Water Services Financing Plc. The Issuer is a wholly-owned direct subsidiary of Anglian Water.
Anglian Water	Anglian Water Services Limited. Anglian Water is a water and wastewater company, regulated by Ofwat and acting under Anglian Water's Instrument of Appointment, serving an area from Humber bank in the North to the Thames estuary in the South and from Daventry in Northamptonshire to the East Coast. Anglian Water provides water services to approximately 4.4 million people in an area covering approximately 22,000 square kilometres and wastewater services to approximately 6.0 million people in an area covering approximately 27,500 square kilometres.
Bond Trustee	Deutsche Trustee Company Limited. For the avoidance of doubt, the Bond Trustee does not act as bond trustee in respect of the Bonds.
Security Trustee	Deutsche Trustee Company Limited
Principal Paying Agent	Deutsche Bank AG, London Branch
Distribution	The Bonds have been distributed by way of private placement on a non-syndicated basis.
Guarantee and Security	The Bonds in issue are and further Bonds issued under the Programme will be unconditionally and irrevocably guaranteed by each of Anglian Water (sole shareholder in the Issuer), Anglian Water Services Overseas Holdings Limited (sole shareholder in Anglian Water) and Anglian Water Services Holdings Limited (sole shareholder in Anglian Water Services Overseas Holdings Limited) (together with the Issuer, the " Obligors ") and secured by each of the Obligors pursuant to a guarantee and security agreement entered into by each Obligor in favour of the Security Trustee over the entire property, assets, right and undertaking of each Obligor (the " Security "), in the case of Anglian Water to the extent permitted by the Water Industry Act 1991 and Licence. The Security is held by the Security Trustee on trust for the Secured Creditors subject to the terms of the STID (as defined below).
Intercompany Loan Arrangements	The Issuer is funded by proceeds of Bonds issued under the Programme and other financial indebtedness. All monies borrowed by the Issuer have been, and will be, on-lent to Anglian Water under the Intercompany Loan Arrangements to be applied by Anglian Water for its general corporate purposes. The Intercompany Loan Arrangements provide for payments to become due from Anglian Water to the Issuer on dates and in amounts that match the obligations of the Issuer to its various financiers under its financial arrangements plus a management fee.
Classification	Class A Unwrapped Bonds and Class B Unwrapped Bonds.

Denomination; Currencies	Subject to compliance with the relevant laws and regulations, the Bonds have been issued in the denominations of at least GBP100,000 or its equivalent in another currency, and in sterling in respect of the Class A Bonds and the GBP25,506.951 Class B Bonds and U.S. dollars in respect of the US\$47,000,000 Class B Bonds.
Issue Date	The Bonds were issued on 1 August 2012.
Issue Price	The Bonds have been issued on a fully paid basis, at an issue price which is at par and, in the case of the GBP22,318,581.81 Class A Bonds, the GBP31,883,688 Class A Bonds, the GBP73,332,483.10 Class A Bonds, the GBP25,506,951 Class B Bonds and the US\$47,000,000 Class B Bonds, on a deferred settlement basis as described in more detail in the applicable Final Terms.
Redemption	<p>The GBP31,883,688 Class A Bonds, the GBP73,332,483.10 Class A Bonds and the Class B Bonds will be redeemable at the option of the Issuer upon giving notice to the Bondholders as set out in the Final Terms.</p> <p>The GBP15,000,000 Class A RPI Bonds, the GBP50,000,000 Class A RPI Bonds and the GBP22,318,581.81 Class A Bonds will not be redeemable at the option of the Issuer.</p>
Terms of the Bonds	<p>The Bonds are Fixed Rate Bonds or, in the case of the GBP15,000,000 Class A RPI Bonds and the GBP50,000,000 Class A RPI Bonds, Fixed Rate Indexation Bonds.</p> <p>The Bonds are Definitive IAI Registered Bonds.</p> <p>The Bonds have the following interest rates (and yields):</p> <ul style="list-style-type: none"> • the GBP31,883,688 Class A Bonds: 3.983 per cent. (yield 3.983 per cent.) from 1 October 2012 and payable on 1 April and 1 October in each year, commencing 1 April 2013; • the GBP22,318,581.81 Class A Bonds: 3.983 per cent. (yield 3.983 per cent.) from 1 October 2012 and payable on 1 April and 1 October in each year, commencing 1 April 2013; • the GBP15,000,000 Class A RPI Bonds: 1.37 per cent. (yield 1.37 per cent.) from 1 August 2012 and payable on 1 February and 1 August in each year, commencing 1 February 2013; • the GBP50,000,000 Class A RPI Bonds: 2.05 per cent. (yield 2.05 per cent.) per cent. from 1 August 2012 and payable on 1 February and 1 August in each year, commencing 1 February 2013; • the GBP73,332,483.10 Class A Bonds: 4.394 per cent.

(yield 4.394 per cent.) from 1 October 2012 and payable on 1 April and 1 October in each year, commencing 1 April 2013;

- the US\$47,000,000 Class B Bonds: 5.000 per cent. (yield 5.000 per cent.) from 1 October 2012 and payable on 1 April and 1 October in each year, commencing 1 April 2013; and
- the GBP25,506,951 Class B Bonds: 4.195 per cent. (yield 4.195 per cent.) from 1 October 2012 and payable on 1 April and 1 October in each year, commencing 1 April 2013.

The Bonds will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date.

Maturity Dates

The Bonds have the following Maturity Dates:

- the GBP31,883,688 Class A Bonds: 1 October 2022;
- the GBP22,318,581.81 Class A Bonds: 1 October 2022;
- the GBP15,000,000 Class A RPI Bonds: 1 August 2022;
- the GBP50,000,000 Class A RPI Bonds: 1 February 2033;
- the GBP73,332,483.10 Class A Bonds: 1 April 2028;
- the US\$47,000,000 Class B Bonds: 1 October 2022; and
- the GBP25,506,951 Class B Bonds: 10 October 2017.

ISINs

The Bonds have the following ISINs:

- the GBP31,883,688 Class A Bonds: GB00B8HYC601;
- the GBP22,318,581.81 Class A Bonds: GB00B7W1QT00;
- the GBP15,000,000 Class A RPI Bonds: GB00B6TRH025;
- the GBP50,000,000 Class A RPI Bonds: GB00B6R38W19;
- the GBP73,332,483.10 Class A Bonds: GB00B815LC89;
- the US\$47,000,000 Class B Bonds: GB00B83TP606; and
- the GBP25,506,951 Class B Bonds: GB00B80LRR44.

Taxation

Payments in respect of Bonds or under the relevant Bond Policy are and will be made free and clear of withholding taxes of the United Kingdom or the Cayman Islands (as applicable) unless and save to the extent required by law in which case the Issuer will make payments subject to the appropriate withholding or deduction. No additional amounts are or will be paid by the Issuer in respect of any withholdings or deductions, unless otherwise

specified in the applicable Final Terms.

Status of the Bonds

The Bonds do and will constitute secured obligations of the Issuer. Each Class of Bonds in issue ranks, and any further Class of Bonds issued will rank, *pari passu* without preference or priority in point of security amongst themselves.

Further Bonds

The Issuer may only issue further Bonds if certain contractual restrictions on additional debt, such as compliance with the following financial covenants which protect against asset dilution are satisfied:

- (i) if such further Financial Indebtedness is Class A Debt or Class B Debt then the Senior RAR (adjusted on a proforma basis to take into account the proposed incurrence of such further Financial Indebtedness) must be less than or equal to 0.90:1 for each Test Period calculated by reference to the then most recently occurring Calculation Date; and
- (ii) if such further Financial Indebtedness is Class A Debt then (taking into account the incurrence of such debt) the Class A RAR must be less than or equal to 0.75:1 and the Class A PMICR must be greater than or equal to 1.30:1 for each Test Period calculated by reference to the then most recently occurring Calculation Date.

The RAR tests referred to above operate as a cap on the “loan to value” of the Anglian Water business thereby intending to protect bondholders from asset dilution.

RPI Linked Bonds

Payments of principal and interest on the GBP15,000,000 Class A RPI Bonds and the GBP50,000,000 Class A RPI Bonds are tied to the U.K. Retail Price Index (“RPI”) (all items) published by the Office of National Statistics.

There are fallback provisions in the event of a disruption in the publication of the RPI and that index will be published by the Office of National Statistics.

More information on RPI, including past and current levels and its volatility and fall-back provisions in the event of a disruption in the publication of RPI, can be found at www.statistics.gov.uk/www.epp.eurostat.ec.europa.eu.

Market disruption or settlement disruption events affecting the underlying

With respect to the GBP15,000,000 Class A RPI Bonds and the GBP50,000,000 Class A RPI Bonds only:

(i) If at any time and from time to time the Index shall be changed by the substitution of a new base therefor, then with effect from, and including, the calendar month in which such substitution takes effect:

(A) the definition of “Index” and “Index Figure” shall be deemed

to refer to the new date or month in substitution for January 1987 (or, as the case may be, such other date or month as may have been substituted therefor under this paragraph (i)); and

- (B) the new Base Index Figure shall be the product of the then-existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (ii) If the Index Figure normally published in any month relevant for determining the Index Figure (the “**relevant month**”), is not published on or before the fourteenth Business Day before the date (the “**date for payment**”) on which a payment is due otherwise than because the Index has ceased to be published, the Index Figure applicable to the month in which the date for payment falls shall be:
- (A) such substitute index figure (if any) as the Bond Trustee shall agree to have been published by the United Kingdom Debt Management Office for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury stock selected by the Bond Trustee on the advice of a gilt-edged market maker or other adviser selected by it in its sole discretion having consulted with the Issuer (but without responsibility or liability to the Issuer) (the “**Indexation Adviser**”); or
 - (B) if no such determination is made by the Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to paragraph (A) above before the date for payment).

Where the provisions of sub-paragraph (ii) above apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to paragraph (B) above, the Index Figure relating to the relevant month is subsequently published while a Bond is still outstanding, then:

- (x) in relation to a payment of principal or interest in respect of such Bond other than upon redemption in full of such Bond, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to, respectively, the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of paragraph (B) above either below or above the amount of the relevant payment that would have been due if the Index Figure

subsequently published had been published on or before the fourteenth Business Day before the date for payment; and

- (y) in relation to a payment of principal or interest upon redemption in full of a Bond, no subsequent adjustment to amounts paid will be made.

(iii)

(A) If:

- (x) the Bond Trustee has been notified by the Principal Paying Agent that the Index has ceased to be published; or
- (y) any change is made to the coverage or the basic calculation of the Index which constitutes a fundamental change which would, in the opinion of the Bond Trustee, acting solely on the advice of the Indexation Adviser, be materially prejudicial to the interests of the Bondholders,

the Bond Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Bond Trustee together shall seek to agree for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made.

- (B) If the Issuer and the Bond Trustee fail to reach such agreement within 20 Business Days following the giving of such notice by the Bond Trustee, a bank or other person in London shall be appointed by the Issuer and the Bond Trustee, or, failing agreement on such appointment within 20 Business Days following the expiry of the 20 day period referred to above, by the Bond Trustee (in each case, such bank or other person so appointed being referred to as the “**Expert**”), to determine for the purpose of the Bonds one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Bondholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert, the Issuer and the Bond Trustee in connection with such appointment shall be borne by the Issuer.

- (C) The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Bond Trustee or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, and references in these paragraphs to the Index and to any Index Figure shall be deemed amended in such manner as the Bond Trustee may determine, and notify to the Issuer, as appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer and the other Obligors, the Bond Trustee, the Financial Guarantors, the other Secured Creditors and the Bondholders and the Issuer shall give notice to the Bondholders of such amendments as promptly as practicable following such notification.

Covenants

The representations, warranties, covenants (positive, negative and financial) and events of default which will apply to, *inter alia*, the Bonds are set out in a Common Terms Agreement dated 30 July 2002 as amended, supplemented or restated from time to time.

Intercreditor Arrangements

The Secured Creditors (including the Bondholders) are, and will each be, party to a security trust and intercreditor deed as amended, supplemented or restated from time to time (the “**STID**”), which regulates, *inter alia*, (i) the claims of the Secured Creditors; (ii) the exercise and enforcement of rights by the Secured Creditors; (iii) the rights of the Secured Creditors to instruct the Security Trustee; (iv) the rights of the Secured Creditors during the occurrence of an Event of Default; (v) the Entrenched Rights and Reserved Matters of each Secured Creditor; and (vi) the giving of consents and waivers and the making of amendments by the Secured Creditors.

Listing

Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange’s regulated market.

Ratings

The ratings assigned to the Bonds by the Rating Agencies reflect only the views of the Rating Agencies.

Risk Factors

The occurrence of certain events could have a material adverse impact on the business, financial condition or results of operations of the Issuer or the other Obligors or their ability to meet their obligations (including the payment of principal and interest) under or in connection with the Bonds. These are set out under “*Risk Factors*” in Chapter 3 of the Base Prospectus and include, amongst others, the following risk factors related to the Obligors:

- (iii) Regulatory and Competition Considerations: The water industry is subject to extensive legal and

regulatory obligations and controls. Anglian Water must comply with all applicable laws, regulations and regulatory standards and the policies of Ofwat, which could have a material adverse impact on the operations and financial condition of Anglian Water and, consequently, on the Issuer's ability to meet its obligations under the Bonds. Factors to consider include:

- (a) the conditions of Anglian Water's Licence may be modified by Ofwat with or (in certain circumstances) without Anglian Water's consent. The Secretary of State has a power to veto modifications agreed by Ofwat and Anglian Water;
 - (b) if Anglian Water fails to comply with its Licence or certain statutory duties, Ofwat or the Secretary of State may, in certain circumstances, fine Anglian Water or make an enforcement order, which could have an adverse impact on Anglian Water. Failure by Anglian Water to comply with an enforcement order may lead to the making of a Special Administration Order;
 - (c) the Secretary of State may terminate Anglian Water's appointment with 25 years' notice. Upon expiry of the Licence, there can be no assurance that Anglian Water would be re-appointed. Anglian Water's Licence may also be transferred from Anglian Water at any time following the making of a Special Administration Order; and
 - (d) Ofwat has taken steps to introduce competition into the water supply market and there are ongoing consultations regarding further measures to increase competition in water and wastewater services;
- (iv) Revenue Considerations:
- (a) Ofwat sets limits on the annual weighted average increase in the standard charges of Anglian Water;
 - (b) other regulations relating to Anglian Water's charges and capital expenditure may decrease Anglian Water's profits;
 - (c) climatic change may increase Anglian Water's

costs; and

- (d) costs of operating and maintaining private sewers transferred to Anglian Water may adversely affect Anglian Water's profits;
- (v) Legal Considerations:
 - (a) Anglian Water's ability to grant security over its assets and the enforcement of such security are restricted by its Licence and the WIA;
 - (b) a Court may make a Special Administration Order in certain circumstances and there can be no assurance that any transfer scheme in the context of a Special Administration regime could be achieved on terms that would enable creditors to recover amounts due to them in full; and
 - (c) the validity and enforceability of contractual priorities of payments provisions which purport to alter the priority in which a particular secured creditor is paid as a result of the occurrence of one or more specified trigger events may be successfully challenged with the potential consequence that termination payments due to a Hedge Counterparty may not be subordinated as envisaged by the Payment Priorities and as a result, the Obligors' ability to pay the Bondholders in full might be adversely affected;
- (vi) Environmental and Insurance Considerations:
 - (a) Anglian Water's operations are subject to a number of laws and regulations relating to the protection of the environment and human health which could in the future result in increased costs for Anglian Water; and
 - (b) insurance cover may be inadequate to cover reduced revenues, increased expenses or other liabilities which may arise or may become unavailable;
- (vii) Future Financing: there is no assurance that the Issuer will be able to raise sufficient future financing required to pay its debts as they fall due;
- (viii) High Leverage: Anglian Water has indebtedness that is substantial in relation to its shareholders equity which may adversely impact its ability to pay amounts

that become due;

- (ix) Catastrophe Risk: catastrophic events could have a material adverse impact on the ability of Anglian Water to meet its financing and regulatory obligations; and
- (x) the Issuer's principal source of funds will be the funds available to it pursuant to the Authorised Credit Facilities and payments made to it by Anglian Water pursuant to the Intercompany Loan Arrangements. The Issuer is, insofar as concerns the Intercompany Loan Arrangements, subject to all the restrictions relating to revenues to which Anglian Water is subject.

In addition, there are certain factors which are material for the purpose of assessing the risks related to the Bonds, including the following:

- (i) the Bonds are subject to the provisions of the STID. Subject to Clause 9.3 (*Notice to Secured Creditors of STID Proposal*), Clause 9.4 (*Notice of Entrenched Rights or Reserved Matters Procedure*) and Clause 9.10 (*Disputes*) of the STID, decisions of the Majority Creditors in relation to STID Proposals will bind the Secured Creditors in all circumstances, and the Bondholders may be adversely affected as a result. A Bondholder (other than (i) a USPP Bondholder holding a certain amount of Class A USPP Bonds or Class B USPP Bonds prior to the occurrence of certain events; or (ii) after the occurrence of such events, any holder of USPP Bonds, as the case may be) will not be entitled to vote;
- (ii) there is no assurance that a liquid secondary market will develop for the Bonds or continue;
- (iii) if any rating assigned to the Bonds is lowered or withdrawn, the market value of the Bonds may be reduced;
- (iv) unless otherwise specified in the applicable Final Terms, the Issuer is not obliged to gross-up or otherwise compensate Bondholders for any withholding taxes imposed in respect of payments due under the Bonds;
- (v) there is no assurance that there will not be any change to the law, tax or administrative practice after the date hereof which could have an impact on the Bonds and the expected payments of interest and repayment of principal;

- (vi) the Issuer may be left exposed to interest rate risk or currency risk in the event that there is an early termination of a Hedging Agreement; and
- (vii) the Class A Bonds and other Class A Debt rank and any further Class A Bonds and other Class A Debt will rank in priority to payments of principal and interest due on all Series of the Class B Bonds.

Governing Law

English law

Auditors

PricewaterhouseCoopers LLP

RISK FACTORS

Prospective Investors should consider carefully the information contained in this Prospectus and the documents incorporated by reference prior to making any investment decision with respect to the Bonds.

Particular attention of prospective Investors is drawn to the information under the heading “Chapter 3 - Risk Factors” on pages 33 to 49 (inclusive) of the Base Prospectus. The Issuer and the other Obligors believe that these risk factors may affect their ability to fulfil their obligations under the Bonds. Most of these factors are contingencies which may or may not occur and the Issuer and the other Obligors are not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer and the other Obligors believe that the factors described in the Base Prospectus represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or, as the case may be, the Obligor to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons and the Issuer and the other Obligors do not represent that the statements described in the Base Prospectus regarding the risks of holding any Bonds are exhaustive. The Issuer or the other Obligors have described only those risks relating to their operations and the Bonds that they consider to be material. There may be additional risks that the Issuer or the other Obligors currently consider not to be material or of which they are not currently aware, and any of these risks could have the effects set forth above. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and the Base Prospectus and reach their own views prior to making any investment decision.

TERMS AND CONDITIONS OF THE BONDS

The terms and conditions of the Bonds shall consist of the “Terms and Conditions of the Bonds” set out on pages 184 to 217 inclusive of the Base Prospectus (the “**Base Conditions**”), as amended and/or supplemented by the relevant set of Final Terms issued in respect of the relevant series of Bonds the form of each of which is set out below. Any references in the Base Conditions or the Base Prospectus to “Final Terms” shall be deemed to refer to the relevant series of Final Terms as set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. All references to Conditions or to a numbered Condition shall be to the Base Conditions or the relevant numbered Condition of the Base Conditions as set out below and in each set of Final Terms.

FINAL TERMS OF THE GBP31,883,688 3.983 PER CENT. CLASS A SENIOR UNWRAPPED GUARANTEED REGISTERED BONDS DUE OCTOBER 2022

Final Terms dated 30 July 2012

ANGLIAN WATER SERVICES FINANCING PLC

Issue of GBP31,883,688 3.983 per cent. Class A senior unwrapped guaranteed registered Bonds due October 2022 (the “Bonds”) unconditionally and irrevocably guaranteed by, *inter alios*, ANGLIAN WATER SERVICES LIMITED under the €10,000,000,000 Global Secured Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 October 2011, the supplementary prospectus dated 5 December 2011, the supplementary prospectus dated 7 March 2012 and the supplementary prospectus dated 1 June 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer, the Obligors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ and www.anglianwater.co.uk and copies may be obtained from Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by MBIA UK Insurance Limited or by any other financial institution.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES AND TO U.S. PERSONS THAT ARE “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7)) UNDER THE SECURITIES ACT THAT ARE INSTITUTIONS (“INSTITUTIONAL ACCREDITED INVESTORS”), THAT EXECUTE AND DELIVER AN IAI INVESTMENT LETTER, IN TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING IN THE UNITED STATES. FOR A DESCRIPTION OF RESTRICTIONS ON TRANSFERS OF THE BONDS AND DISTRIBUTION OF THESE FINAL TERMS AND THE REMAINDER OF THE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS” CONTAINED IN THE PROSPECTUS.

1	(i) Issuer:	Anglian Water Services Financing Plc
	(ii) Obligors:	Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services Overseas Holdings Limited
2	(i) Series Number:	39
	(ii) Tranche Number:	1
	(iii) Nature of Bonds:	USPP Bonds
3	Specified Currency or Currencies:	Pounds sterling (“ GBP ”)
4	Aggregate Nominal Amount of Bonds:	Series: GBP31,883,688 Tranche: GBP31,883,688
5	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(i) Net Proceeds:	Not Applicable
6	Specified Denominations:	GBP100,000 plus integral multiples of GBP0.01 thereafter
7	Issue Date:	1 August 2012
8	Interest Commencement Date:	1 October 2012
9	Maturity Date:	1 October 2022
10	Interest Basis:	Fixed Rate Bond
11	Redemption/Payment Basis:	Redemption at par plus Make-Whole Amount, if applicable
12	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
13	Call Options:	Issuer Call
14	(i) Status of the Bonds:	The Class A Wrapped Bonds and the Class A Unwrapped Bonds will rank <i>pari passu</i> among each other in terms of interest and principal payments and rank in priority to the Class B Wrapped Bonds and the Class B Unwrapped Bonds. The USPP Bonds will constitute Class A Bonds.
	(ii) Status of the Guarantees:	Senior
	(iii) Date Board approval for issuance of Bonds obtained:	27 July 2012
15	Listing:	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date. See paragraph 5 of the Annex hereto.
16	Method of Distribution:	Non-syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
17	Fixed Rate Bond Provisions:	Applicable
	(i) Rate(s) of Interest:	3.983 per cent. per annum payable semi-annually in arrear

(ii) Interest Payment Date(s):	1 April and 1 October in each year, commencing 1 April 2013, up to and including the Maturity Date, adjusted in accordance with the Following Business Day Convention
(iii) Fixed Coupon Amount(s):	GBP19.915 per GBP1,000 nominal amount of the Bonds
(iv) Broken Amount(s):	None
(v) Day Count Fraction:	Actual/365
(vi) Determination Dates:	Not Applicable
(vii) Other terms relating to the method of calculating interest for Fixed Rate Bonds:	None
18 Floating Rate Bond Provisions:	Not Applicable
19 Zero Coupon Bond Provisions:	Not Applicable
20 Index Linked Interest/ Redemption Bond Provisions:	Not Applicable
21 Indexation Bond Provisions:	Not Applicable
22 Dual Currency Bond Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23 Issuer Call:	Applicable
(i) Optional Redemption Date(s):	The date specified in any notice delivered by the Issuer pursuant to Condition 10(d) (<i>Redemption at the option of the Issuer (Issuer Call)</i>) (such date not to be before 1 October 2019)
(ii) Optional Redemption Amount of each Bond and method, if any, of calculation of such amount(s):	Outstanding nominal amount that is to be redeemed pursuant to Condition 10(d) plus: <ul style="list-style-type: none"> (x) <ul style="list-style-type: none"> (i) if the Optional Redemption Date falls on any date from (and including) 1 October 2019 to (but excluding) 1 October 2020, 2 per cent. of such outstanding nominal amount; or (ii) if the Optional Redemption Date falls on any date from (and including) 1 October 2020 to (but excluding) 1 October 2021, 1 per cent. of such outstanding nominal amount; and (y) the Make-Whole Amount, if any, and, if applicable, as adjusted pursuant to Condition 10(k) (<i>U.S. Private Placement Holders</i>) (as set out in paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto).

In the case of a partial redemption of the Bonds, the principal amount of the Bonds to be redeemed shall be allocated amongst all the Bonds at the time outstanding in proportion, as nearly as practicable, to the respective outstanding nominal amounts thereof which have not previously been redeemed and for the purposes of the Bonds the second paragraph of Condition 10(d) will not apply

- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: 10 per cent. of the outstanding nominal amount of the Bonds
 - (b) Maximum Redemption Amount: Not Applicable
- (iv) Notice period (if other than as set out in the Conditions): Not Applicable
- 24 Final Redemption Amount of each Bond:** Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (*U.S. Private Placement Holders*) (as set out in paragraph 2 (*Make-Whole Amount and Swap Breakage*) of the Annex hereto), if applicable.
- 25 Additional provisions relating to Make-Whole Amount Calculations:** See paragraph 2 (*Make-Whole Amount and Swap Breakage*) of the Annex hereto.
- 26 Early Redemption Amount of each Bond payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 10(e)):** Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (*U.S. Private Placement Holders*) (as set out in paragraph 2 (*Make-Whole Amount and Swap Breakage*) of the Annex hereto), if applicable.

GENERAL PROVISIONS APPLICABLE TO THE BONDS

- 27 Form of Bonds:**
 - (i) New Global Note: No
 - (ii) Registered Bonds: Yes
Definitive IAI Registered Bonds (*minimum denominations of GBP100,000 and integral multiples of GBP0.01 thereafter*).
- 28 Additional Financial Centre(s) or other special provisions relating to Payment Dates:** Not Applicable
- 29 Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature):** Not Applicable

30	Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment:	Not Applicable
31	Details relating to Instalment Bonds:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
32	Redenomination applicable:	Not Applicable
33	Other final terms:	See Annex hereto
DISTRIBUTION		
34	If syndicated, names of Managers:	Not Applicable
	(i) Stabilising Manager (if any):	Not Applicable
35	If non-syndicated, name of relevant Dealer:	Not Applicable
36	Additional selling restrictions:	US private placement restrictions as set out in the IAI Investment Letter(s)

Responsibility

Each of the Obligors accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

.....

By:
Duly authorised

Signed on behalf of Anglian Water Services Limited:

.....

By:
Duly authorised

Signed on behalf of Anglian Water Services Holdings Limited:

.....

By:
Duly authorised

Signed on behalf of Anglian Water Services Overseas Holdings Limited:

.....

By:
Duly authorised

Part B – OTHER INFORMATION

1 Listing

- Listing None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date.
- (i) Admission to trading: None on the Issue Date. The Issuer intends to apply for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority following the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: Not Applicable.

2 Ratings

- Ratings: The Bonds to be issued have been rated:
- S&P: A-
- Moody's: A3
- Fitch: A
- Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009.
- A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension or withdrawal at any time

3 Notification

Not Applicable

4 Reasons for the offer, estimated net proceeds and total expenses

Reasons for the offer: Not Applicable

5 Yield

Indication of yield: 3.983 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Performance of Index/Formula/Other Variable and other Information Concerning the Underlying

Not Applicable

7 Performance of Rates of Exchange

Not Applicable

8 Operational Information

Intended to be held in a manner which would allow Eurosystem eligibility: No

ISIN: GB00B8HYC601

CUSIP: Not Applicable

PPN: G0369@AL0

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): Not Applicable

Delivery: See Annex hereto

Names and addresses of additional Paying Agent(s) (if any): None

9 General

Applicable TEFRA exemption: Not Applicable

ANNEX

1 Taxation

Condition 11 (*Taxation*) shall be deleted and replaced with the following:

“11 Tax gross up and indemnities

11.1 From the Issue Date to but excluding the date on which the Bonds are listed

This Condition 11.1 applies from the Issue Date to but excluding the date (if any) on which the Bonds are listed (and, for the avoidance of doubt, if the Bonds are never listed, this Condition 11.1 shall apply at all times).

(a) Definitions

In this Condition 11:

“**Borrower DTTP Filing**” means an H.M. Revenue & Customs’ Form DTTP2 duly completed and filed by the Issuer, which:

(A)

- (i) where it relates to a Treaty Bondholder that is an Original Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified to the Issuer in writing within 10 Business Days of issue of the Bonds; or
- (ii) where it relates to a Treaty Bondholder that is a New Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified in respect of that Bondholder to the Issuer in writing within 10 Business Days of transfer of the Bonds to such Bondholder, and

(B) is filed with H.M. Revenue & Customs within 30 days of the Issue Date or, as applicable, that transfer date.

“**CTA**” means the Corporation Tax Act 2009.

“**ITA**” means the Income Tax Act 2007.

“**New Bondholder**” means any Bondholder other than an Original Bondholder.

“**Original Bondholder**” means a Bondholder who is issued the Bonds directly by the Issuer.

“**Qualifying Bondholder**” means a Bondholder which is beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds and is:

(A) a Bondholder which is:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes;
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or

(B) a Treaty Bondholder.

“**Tax Confirmation**” means a confirmation by a Bondholder that the person beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under the Bonds.

“**Tax Payment**” means the increase in a payment made by the Issuer or any Obligor or any Paying Agent acting on its behalf to a Bondholder under Condition 11(b) (*Tax gross-up*).

“**Treaty Bondholder**” means a Bondholder which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Bondholder’s participation in the Bonds is effectively connected; and
- (iii) is capable of fulfilling any conditions which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain exemption from United Kingdom taxation on interest.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Unless a contrary indication appears, in this Condition 11 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

(b) *Tax gross-up*

- (i) The Issuer or, as the case may be, any other Obligor and any Paying Agent acting on behalf of any such entity, shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (ii) The Issuer shall promptly upon becoming aware that it or any Obligor or any Paying Agent acting on its behalf must make a Tax Deduction (or that there is any change in the rate or the

basis of a Tax Deduction) notify the Bondholders accordingly. Similarly, a Bondholder shall notify the Issuer on becoming so aware in respect of a payment payable to that Bondholder. In addition, a Bondholder shall promptly notify the Issuer if it ceases to be a Qualifying Bondholder, including (for the avoidance of doubt) where it has ceased to be beneficially entitled to interest payable on the Bonds as a result of a transfer of its legal or beneficial interest in the Bonds.

- (iii) If a Tax Deduction is required by law to be made by the Issuer or any Obligor or any Paying Agent acting on its behalf, the amount of the payment due from the Issuer or any Obligor or any Paying Agent acting on its behalf shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (iv) A payment shall not be increased under paragraph (iii) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (A) the payment could have been made to the relevant Bondholder without a Tax Deduction if the Bondholder had been a Qualifying Bondholder, but on that date that Bondholder is not or has ceased to be a Qualifying Bondholder other than as a result of any change after the date it became a Bondholder in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
 - (B) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Bondholder has received from the Issuer a certified copy of that Direction; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if that Direction had not been made; or
 - (C) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I the relevant Bondholder has not given a Tax Confirmation to the Issuer; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if the Bondholder had given a Tax Confirmation to the Issuer, on the basis that the Tax Confirmation would have enabled the Issuer to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
 - (D) the relevant Bondholder is a Treaty Bondholder and the Issuer is able to demonstrate that the payment could have been made to the Bondholder without the Tax Deduction had that Bondholder complied with its obligations under paragraph (vii) or (viii) (as applicable) below.
- (v) If the Issuer or any Obligor or any Paying Agent acting on its behalf is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Issuer shall deliver to the relevant Bondholders a statement under

section 975 of the ITA or other evidence reasonably satisfactory to those Bondholders that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

(vii)

(A) Subject to paragraph (B) below, a Treaty Bondholder and the Issuer shall co-operate in completing any procedural formalities necessary for the Issuer or any Obligor or any Paying Agent acting on its behalf to obtain authorisation to make that payment without a Tax Deduction.

(B)

I A Treaty Bondholder which is issued the Bonds directly by the Issuer, that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing to the Issuer within 10 Business Days of issue of the Bonds; and

II a New Bondholder that is a Treaty Bondholder that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing directly to the Issuer within 10 Business Days of transfer of the Bonds,

and, having done so, that Bondholder shall be under no obligation pursuant to paragraph (A) above.

(C) Each Bondholder that includes the confirmation described in paragraph (B)(I) above or the confirmation described in paragraph (B)(II) above thereby notifies the Issuer that, to the extent that the HMRC DT Treaty Passport scheme is to apply in respect of that Bondholder's holding of the Bonds, the Issuer must file a Borrower DTTP Filing.

(viii) If a Bondholder has confirmed its DTTP reference number and its jurisdiction of tax residence in accordance with paragraph (vii)(B) above and:

(A) the Issuer has not made a Borrower DTTP Filing in respect of that Bondholder; or

(B) the Issuer has made a Borrower DTTP Filing in respect of that Bondholder but:

I that Borrower DTTP Filing has been rejected by H.M. Revenue & Customs; or

II H.M. Revenue & Customs has not given the Issuer authority to make payments to that Bondholder without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Issuer has notified that Bondholder in writing, that Bondholder and the Issuer shall co-operate in completing any additional procedural formalities necessary for the Issuer to obtain authorisation to make that payment without a Tax Deduction.

(ix) The Issuer shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the relevant Bondholder.

(x) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and who is issued the Bonds directly by the Issuer gives a Tax Confirmation to the Issuer by subscribing for the Bonds.

- (xi) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder shall promptly notify the Issuer if there is any change in the position from that set out in the Tax Confirmation.

(c) *Tax Credit*

If the Issuer makes a Tax Payment and the relevant Bondholder determines that:

- (i) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (ii) that Bondholder has obtained and utilised that Tax Credit,

the Bondholder shall pay an amount to the Issuer which that Bondholder determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Issuer.

(d) *Bondholder status confirmation*

Each Bondholder which becomes a Bondholder after 1 August 2012 shall indicate, in the documentation submitted to the Registrar on registration of the transfer of the Bonds, which of the following categories it falls in:

- (i) not a Qualifying Bondholder;
- (ii) a Qualifying Bondholder (other than a Treaty Bondholder); or
- (iii) a Treaty Bondholder.

If a New Bondholder fails to indicate its status in accordance with this Condition 11(d) then such New Bondholder shall be treated for the purposes of these Conditions (including by the Issuer) as if it is not a Qualifying Bondholder until such time as it notifies the Issuer which category applies.

11.2 From and including the date on which the Bonds are listed

This Condition 11.2 applies from and including the date on which the Bonds are listed.

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by the Issuer and the other Obligors or by any Paying Agent, the Registrar, the Bond Trustee or the Security Trustee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, any other Obligor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom or, in the case of payments made by AWS Overseas Holdings, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Definitive IAI Registered Bond representing such Bond for payment on the last day of such period of 30 days; or

- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Definitive IAI Registered Bond representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

“**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or (in the case of payment by AWS Overseas Holdings) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.”.

2 **Make-Whole Amount and Swap Breakage**

Condition 10(k) (*U.S. Private Placement Holders*) shall be deleted and replaced with the following:

“(k) **U.S. Private Placement Holders**

(i) *Make-Whole Amount with respect to Non-Swapped Notes*

The term “**Make-Whole Amount**” means, with respect to any Non-Swapped Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Non-Swapped Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount with respect to any Non-Swapped Note, the following terms have the following meanings:

“**Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“**Called Principal**” means, with respect to any Non-Swapped Note, the principal of such Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for Tax Reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Non-Swapped Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“**Non-Swapped Note**” means any Note other than a Swapped Note.

“Reinvestment Yield” means, with respect to the Called Principal of any Non-Swapped Note, the sum of (x) the Applicable Percentage plus (y) the yield to maturity implied by (i) the gross redemption yield as published in the Financial Times on the second Business Day preceding the Settlement Date for actively traded UK Treasury securities having a maturity equal to or closest to the Remaining Average Life of such Called Principal (the **“Reference Stock”**) as of such Settlement Date, or (ii) if (a) the Financial Times is not published on that day, or (b) there is a manifest error in the published figures or (c) the calculation in the Financial Times ceases to be in keeping with the Formula for the Calculation of Redemption Yields indicated by the Joint Index and Classification Committee of the Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Volume 105, Part I, 1978, Page 18 (the **“Formula”**), the gross redemption yield calculated on the basis of the arithmetic mean (to three decimal places 0.0005 rounded down) of the mid market price for the Reference Stock on a dealing basis by three authorised leading market makers in the gilt-edged market as at or about 11.00 am on the second Business Day preceding the Settlement Date according to the Formula.

“Remaining Average Life” means, with respect to any Called Principal, the number of years obtained by dividing (x) such Called Principal into (y) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Non-Swapped Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of such Non-Swapped Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Condition 10(c) (*Redemption for Tax Reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 13(d) (*Automatic Acceleration*).

“Settlement Date” means, with respect to the Called Principal of any Non-Swapped Note, the date on which such Called Principal is to be prepaid pursuant Condition 10(c) (*Redemption for Tax Reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

(ii) *Make-Whole Amount with respect to Swapped Notes*

The term **“Make-Whole Amount”** means, with respect to any Swapped Note, an amount equal to the excess, if any, of the Swapped Note Discounted Value with respect to the Swapped Note Called Notional Amount related to such Swapped Note over such Swapped Note Called Notional Amount, provided that the Make-Whole Amount may not in any event be less than zero. All payments of Make-Whole Amount in respect of any Swapped Note shall be made in U.S. Dollars. For the purposes of determining the Make-Whole Amount with respect to any Swapped Note, the following terms have the following meanings:

“New Swap Agreement” means any cross-currency swap agreement pursuant to which the holder of a Swapped Note is to receive payment in U.S. Dollars and which is entered into in full or partial replacement of an Original Swap Agreement as a result of such Original Swap Agreement having terminated for any reason other than a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity, provided that such cross-currency swap agreement must be in

form and substance (including commercial terms) satisfactory to the Issuer. The terms of a New Swap Agreement with respect to any Swapped Note do not have to be identical to those of the Original Swap Agreement with respect to such Swapped Note.

“**Original Swap Agreement**” means, with respect to any Swapped Note, (x) a cross-currency swap agreement and annexes and schedules thereto (an “**Initial Swap Agreement**”) that is entered into on an arm’s length basis by the original purchaser of such Swapped Note (or any affiliate thereof) in connection with the issuance of the Swapped Notes and the purchase of such Swapped Note and relates to the scheduled payments by the Issuer of interest and principal on such Swapped Note, under which the holder of such Swapped Note is to receive payments from the counterparty thereunder in U.S. Dollars and which is more particularly described in the Schedule (*Initial Swap Agreement*) to the IAI Investment Letter entered into by the relevant holder of a Swapped Note, (y) any Initial Swap Agreement that has been assumed (without any waiver, amendment, deletion or replacement of any material economic term or provision thereof) by a holder of a Swapped Note in connection with a transfer of such Swapped Note and (z) any Replacement Swap Agreement; and a “**Replacement Swap Agreement**” means, with respect to any Swapped Note, a cross-currency swap agreement and annexes and schedules thereto with payment terms and provisions (other than a reduction in notional amount, if applicable) identical to those of the Initial Swap Agreement with respect to such Swapped Note that is entered into on an arm’s length basis by the holder of such Swapped Note in full or partial replacement (by amendment, modification or otherwise) of such Initial Swap Agreement (or any subsequent Replacement Swap Agreement) in a notional amount not exceeding the outstanding principal amount of such Swapped Note following a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity. Any holder of a Swapped Note that enters into, assumes or terminates an Initial Swap Agreement or Replacement Swap Agreement shall within a reasonable period of time thereafter deliver to the Issuer a description of such Initial Swap Agreement or Replacement Swap Agreement, assumption or termination related thereto.

“**Swap Agreement**” means, with respect to any Swapped Note, an Original Swap Agreement or a New Swap Agreement, as the case may be.

“**Swapped Note**” means any Bond that as of the Funding Date is subject to a Swap Agreement. A “Swapped Note” shall no longer be deemed a “Swapped Note” at such time as the related Swap Agreement ceases to be in force in respect thereof and, in the case of an Original Swap Agreement which has terminated, a New Swap Agreement is not entered into in replacement thereof.

“**Swapped Note Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“**Swapped Note Called Notional Amount**” means, with respect to any Swapped Note Called Principal of any Swapped Note, the payment in U.S. Dollars due to the holder of such Swapped Note under the terms of the Swap Agreement to which such holder is a party, attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date, provided that if such Swap Agreement is not an Initial Swap Agreement, then the “Swapped Note Called Notional Amount” in respect of such Swapped Note shall not exceed the amount in U.S. Dollars which would have been due to the holder of such Swapped Note under the terms of the Initial Swap Agreement to which such holder was a party (or if such holder was never party to an Initial Swap Agreement, then the last Initial Swap Agreement to which the most recent predecessor in interest to such holder as a holder of such Swapped Note was a party), attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date.

“Swapped Note Called Principal” means, with respect to any Swapped Note, the principal of such Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“Swapped Note Discounted Value” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Swapped Note Remaining Scheduled Swap Payments corresponding to the Swapped Note Called Notional Amount of such Swapped Note from their respective scheduled due dates to the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Swapped Note is payable) equal to the Swapped Note Reinvestment Yield with respect to such Swapped Note Called Notional Amount.

“Swapped Note Reinvestment Yield” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note, the sum of (x) Swapped Note Applicable Percentage plus (y) the yield to maturity implied by the yields reported, as of 10.00 A.M. (New York City time) on the second Business Day preceding the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on the Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities (**“Reported”**) having a maturity equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date.

If there are no such U.S. Treasury securities Reported having a maturity equal to such Swapped Note Remaining Average Life, then such implied yield to maturity will be determined by (A) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (B) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on the run U.S. Treasury securities with the maturity closest to and greater than the Swapped Note Remaining Average Life closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Swapped Note Reinvestment Yield”** means, with respect to the Swapped Note Called Notional Amount of such Swapped Note, the Swapped Note Applicable Percentage over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Swapped Note Called Notional Amount, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Swapped Note Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Swapped Note Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

“**Swapped Note Remaining Average Life**” means, with respect to any Swapped Note Called Notional Amount, the number of years obtained by dividing (x) such Swapped Note Called Notional Amount into (y) the sum of the products obtained by multiplying (1) the principal component of each Swapped Note Remaining Scheduled Swap Payments with respect to such Swapped Note Called Notional Amount by (2) the number of years computed on the basis of a 360 day year composed of twelve 30-day months that will elapse between the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount and the scheduled due date of such Swapped Note Remaining Scheduled Payments.

“**Swapped Note Remaining Scheduled Swap Payments**” means, with respect to the Swapped Note Called Notional Amount relating to any Swapped Note, all payments due to the holder of such Swapped Note in U.S. Dollars under the terms of the Swap Agreement to which such holder is a party which correspond to all payments of the Swapped Note Called Principal of such Swapped Note corresponding to such Swapped Note Called Notional Amount and interest on such Swapped Note Called Principal (other than that portion of the payment due under such Swap Agreement corresponding to the interest accrued on the Swapped Note Called Principal to the Swapped Note Settlement Date) that would be due after the Swapped Note Settlement Date in respect of such Swapped Note Called Notional Amount if no payment of such Swapped Note Called Principal were made prior to its originally scheduled payment date, provided that if such Swapped Note Settlement Date is not a date on which interest payments are due to be made under the terms of such Swapped Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Swapped Note Settlement Date and required to be paid on such Swapped Note Settlement Date pursuant to Condition 10(c) (*Redemption for tax reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 13(d) (*Automatic Acceleration*).

“**Swapped Note Settlement Date**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note Called Principal of any Swapped Note, the date on which such Swapped Note Called Principal is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.”

(iii) *Swap Breakage*

If any Swapped Note is (i) not funded on 1 October 2012 (other than due to a holder being unable or unwilling to fund on such date when all conditions precedent to such holder’s funding obligations having been satisfied) or (ii) prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), then (a) any resulting Net Loss in connection therewith shall be reimbursed to the holder of such Swapped Note by the Issuer in U.S. Dollars upon any such prepayment or repayment of such Swapped Note and (b) any resulting Net Gain in connection therewith shall be deducted (i) from the Make-Whole Amount, if any, or any principal or interest to be paid to the holder of such Swapped Note by the Issuer upon any such prepayment of such Swapped Note pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or (ii) from the Make-Whole Amount, if any, to be paid to the holder of such Swapped Note by the Issuer upon any such repayment of such Swapped Note pursuant to Condition 13(d) (*Automatic Acceleration*), provided that, in either case, the Make-Whole Amount in respect of such Swapped Note may not in any event be less than zero. Each holder of a Swapped Note shall calculate reasonably and in good faith its own Net Loss or Net Gain, as the case may be, and Swap Breakage Amount in U.S. Dollars upon the prepayment or

repayment of all or any portion of such Swapped Note, and such calculations as reported to the Issuer in reasonable detail shall be binding on the Issuer absent demonstrable error.

As used in this Condition 10(k) with respect to any Swapped Note that is prepaid or accelerated: “**Net Loss**” means the amount, if any, by which the Swapped Note Called Notional Amount exceeds the sum of (x) the Swapped Note Called Principal plus (or minus in the case of an amount paid) (y) the Swap Breakage Amount received (or paid) by the holder of such Swapped Note; and “**Net Gain**” means the amount, if any, by which the Swapped Note Called Notional Amount is exceeded by the sum of (x) the Swapped Note Called Principal 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 Note Called Principal shall be determined by the holder of the affected Swapped Note 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 Note 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.

As used in this Condition 10(k), “**Swap Breakage Amount**” means, with respect to the Swap Agreement associated with any Swapped Note, in determining the Net Loss or Net Gain, the amount that would be received (in which case the Swap Breakage Amount shall be positive) or paid (in which case the Swap Breakage Amount shall be negative) by the holder of such Swapped Note as if such Swap Agreement had terminated due to the occurrence of an event of default or an early termination under the ISDA 1992 Multi-Currency Cross Border Master Agreement or ISDA 2002 Master Agreement, as applicable (the “**ISDA Master Agreement**”); provided, however, that if such holder (or its predecessor in interest with respect to such Swapped Note) was, but is not at the time, a party to an Original Swap Agreement but is a party to a New Swap Agreement, then the Swap Breakage Amount shall mean the lesser of (x) the gain or loss (if any) which would have been received or incurred (by payment, through off-set or netting or otherwise) by the holder of such Swapped Note under the terms of the Original Swap Agreement (if any) in respect of such Swapped Note to which such holder (or any affiliate thereof) was a party (or if such holder was never a party to an Original Swap Agreement, then the last Original Swap Agreement to which the most recent predecessor in interest to such holder as a holder of a Swapped Note was a party) and which would have arisen as a result of the payment of the Swapped Note Called Principal on the Swapped Note Settlement Date and (y) the gain or loss (if any) actually received or incurred by the holder of such Swapped Note, in connection with the payment of such Swapped Note Called Principal on the Swapped Note Settlement Date, under the terms of the New Swap Agreement to which such holder (or any affiliate thereof) is a party. The holder of such Swapped Note will make all calculations related to the Swap Breakage Amount reasonably and in good faith and in accordance with its customary practices for calculating such amounts under the ISDA Master Agreement pursuant to which such Swap Agreement shall have been entered into and assuming for the purpose of such calculation that there are no other transactions entered into pursuant to such ISDA Master Agreement (other than such Swap Agreement).

The Swap Breakage Amount shall be payable in U.S. Dollars.”

3 Payment and delivery

3.1 On the Documentation Closing Date

The Definitive IAI Registered Bonds in respect of the Bonds (the “**Relevant Definitive IAI Registered Bonds**”) shall be delivered by, or on behalf of, the Issuer to Winston & Strawn LLP to be held in escrow for the holders of the Bonds until the Funding Date, provided that:

- (i) no holder of the Bonds or the Issuer shall have any entitlement to receive any Relevant Definitive IAI Registered Bond except in accordance with this paragraph 3; and
- (ii) Winston & Strawn LLP delivers to the Issuer, promptly upon receipt of such Relevant Definitive IAI Registered Bonds and in any event, no later than 4.00 p.m. (London time) a letter substantially in the form agreed between Winston & Strawn LLP and the Issuer, confirming, among other things, receipt by Winston & Strawn LLP of such Relevant Definitive IAI Registered Bonds.

3.2 On the Funding Date

- 3.2.1 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 (as notified by the Relevant Dealer to each such holder prior to the Funding Date) payment in respect of the Bonds.
- 3.2.2 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 GBP and in immediately available cleared funds an amount equal to the Aggregate Nominal Amount of the Bonds.
- 3.2.3 Promptly following receipt of the Aggregate Nominal Amount of the Bonds, the Issuer shall deliver a letter to Winston & Strawn LLP:
 - (i) confirming receipt of such amount; and
 - (ii) giving instructions to Winston & Strawn LLP to release the Relevant Definitive IAI Registered Bonds to the respective holders of the Bonds.

3.3 Return of Relevant Definitive IAI Registered Bonds

If the Issuer has not received the Aggregate Nominal Amount of the Bonds by 8.00 p.m. (London time), or any later time that has been agreed in writing by the parties, on the Funding Date:

- 3.3.1 Winston & Strawn LLP shall:
 - (i) promptly deliver each Relevant Definitive IAI Registered Bond in respect of the Bonds to the Issuer; and
 - (ii) promptly notify (a) the Issuer, (b) the Registrar, (c) the Bond Trustee and (d) the Security Trustee that each Relevant Definitive IAI Registered Bond has so been returned, and
- 3.3.2 the Issuer shall procure that the Registrar, following receipt of the notification to it by Winston & Strawn LLP in paragraph 3.3.1(ii) above, cancel each Relevant Definitive IAI Registered Bond and update the Register accordingly.

3.4 No obligation to release and deliver the Relevant Definitive IAI Registered Bonds by Winston & Strawn LLP

In no circumstance will Winston & Strawn LLP be obliged to release and deliver the Relevant Definitive IAI Registered Bonds to any holder of the Bonds unless each of the following conditions are met and are continuing:

- (i) the Relevant Dealer has received payment in respect of the Aggregate Nominal Amount of the Bonds from all the relevant holders of the Bonds on or before the Funding Deadline; and

- (ii) the Issuer has received an amount equal to the Aggregate Nominal Amount of the Bonds in an account in its name.

3.5 No Liability

No Liability and no Secured Liability shall arise on the part of the Issuer or any other Obligor or shall be owed by the Issuer or any Obligor to the holder of a Relevant Definitive IAI Registered Bond (including, without limitation, under these Final Terms or any Finance Document to which a holder of the Relevant Definitive IAI Registered Bond is a party) until the Funding Date, provided that the steps set out in paragraph 3.2 are satisfied.

3.6 Definitions for paragraph 3

For the purposes of this paragraph 3:

“**Aggregate Nominal Amount**” has the meaning given to it in Part A of these Final Terms;

“**Documentation Closing Date**” means 1 August 2012;

“**Funding Date**” means 1 October 2012;

“**GBP**” means the Specified Currency (as used in these Final Terms);

“**Liability**” has the meaning given to it in the Master Definitions Agreement;

“**Obligor**” has the meaning given to it in the Master Definitions Agreement;

“**Relevant Dealer**” means Barclays Bank PLC;

“**Register**” has the meaning given to it in the Master Definitions Agreement; and

“**Secured Liability**” has the meaning given to it in the Master Definitions Agreement.

4 Amendments

The Issuer and AWS will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of the Bonds issued under these Final Terms (the “**Relevant Bondholder**”) as consideration for or as an inducement to the entering into by any waiver or amendment of any of the terms and provisions in these Final Terms unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, rateably to each Relevant Bondholder then outstanding even if such Relevant Bondholder did not consent to such waiver or amendment.

5 Listing

The Issuer and AWS undertake to the holders of the Bonds that they shall use reasonable endeavours to list the Bonds prior to the first Interest Payment Date of the Bonds. Following the successful listing of the Bonds, the Issuer and AWS shall promptly notify the holders of the Bonds of such listing.

**FINAL TERMS OF THE GBP22,318,581.81 3.983 PER CENT. CLASS A SENIOR
UNWRAPPED GUARANTEED REGISTERED BONDS DUE OCTOBER 2022**

Final Terms dated 30 July 2012

ANGLIAN WATER SERVICES FINANCING PLC

Issue of GBP22,318,581.81 3.983 per cent. Class A senior unwrapped guaranteed registered Bonds due October 2022 (the “Bonds”) unconditionally and irrevocably guaranteed by, *inter alios*, ANGLIAN WATER SERVICES LIMITED under the €10,000,000,000 Global Secured Medium Term Note Programme

Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 October 2011, the supplementary prospectus dated 5 December 2011, the supplementary prospectus dated 7 March 2012 and the supplementary prospectus dated 1 June 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer, the Obligors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ and www.anglianwater.co.uk and copies may be obtained from Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by MBIA UK Insurance Limited or by any other financial institution.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT (“REGULATIONS”). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS AND WITHIN THE UNITED STATES AND TO U.S. PERSONS THAT ARE “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7)) UNDER THE SECURITIES ACT THAT ARE INSTITUTIONS (“INSTITUTIONAL ACCREDITED INVESTORS”), THAT EXECUTE AND DELIVER AN IAI INVESTMENT LETTER, IN TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING IN THE UNITED STATES. FOR A DESCRIPTION OF RESTRICTIONS ON TRANSFERS OF THE BONDS AND DISTRIBUTION OF THESE FINAL TERMS AND THE REMAINDER OF THE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS” CONTAINED IN THE PROSPECTUS.

1	(i) Issuer:	Anglian Water Services Financing Plc
	(ii) Obligors:	Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services Overseas Holdings Limited
2	(i) Series Number:	45
	(ii) Tranche Number:	1
	(iii) Nature of Bonds:	USPP Bonds
3	Specified Currency or Currencies:	Pounds sterling (“ GBP ”)
4	Aggregate Nominal Amount of Bonds:	Series: GBP22,318,581.81 Tranche: GBP22,318,581.81
5	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(i) Net Proceeds:	Not Applicable
6	Specified Denominations:	GBP100,000 plus integral multiples of GBP0.01 thereafter
7	Issue Date:	1 August 2012
8	Interest Commencement Date:	1 October 2012
9	Maturity Date:	1 October 2022
10	Interest Basis:	Fixed Rate Bond
11	Redemption/Payment Basis:	Redemption at par plus Make-Whole Amount, if applicable
12	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
13	Call Options:	Not Applicable
14	(i) Status of the Bonds:	The Class A Wrapped Bonds and the Class A Unwrapped Bonds will rank <i>pari passu</i> among each other in terms of interest and principal payments and rank in priority to the Class B Wrapped Bonds and the Class B Unwrapped Bonds. The USPP Bonds will constitute Class A Bonds.
	(ii) Status of the Guarantees:	Senior
	(iii) Date Board approval for issuance of Bonds obtained:	27 July 2012
15	Listing:	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date. See paragraph 5 of the Annex hereto.
16	Method of Distribution:	Non-syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
17	Fixed Rate Bond Provisions:	Applicable
	(i) Rate(s) of Interest:	3.983 per cent. per annum payable semi-annually in arrear

(ii) Interest Payment Date(s):	1 April and 1 October in each year, commencing 1 April 2013, up to and including the Maturity Date, adjusted in accordance with the Following Business Day Convention
(iii) Fixed Coupon Amount(s):	GBP19.915 per GBP1,000 nominal amount of the Bonds
(iv) Broken Amount(s):	None
(v) Day Count Fraction:	Actual/365
(vi) Determination Dates:	Not Applicable
(vii) Other terms relating to the method of calculating interest for Fixed Rate Bonds:	None
18 Floating Rate Bond Provisions:	Not Applicable
19 Zero Coupon Bond Provisions:	Not Applicable
20 Index Linked Interest/Redemption Bond Provisions:	Not Applicable
21 Indexation Bond Provisions:	Not Applicable
22 Dual Currency Bond Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23 Issuer Call:	Not Applicable
24 Final Redemption Amount of each Bond:	Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (<i>U.S. Private Placement Holders</i>) (as set out in paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto), if applicable.
25 Additional provisions relating to Make-Whole Amount Calculations:	See paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto.
26 Early Redemption Amount of each Bond payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 10(e)):	Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (<i>U.S. Private Placement Holders</i>) (as set out in paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto), if applicable.

GENERAL PROVISIONS APPLICABLE TO THE BONDS

27 Form of Bonds:	
(i) New Global Note:	No
(ii) Registered Bonds:	Yes
	Definitive IAI Registered Bonds (<i>minimum denominations of GBP100,000 and integral multiples of GBP0.01 thereafter</i>).

28	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
29	Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature):	Not Applicable
30	Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment:	Not Applicable
31	Details relating to Instalment Bonds:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
32	Redenomination applicable:	Not Applicable
33	Other final terms:	See Annex hereto
DISTRIBUTION		
34	If syndicated, names of Managers:	Not Applicable
	(i) Stabilising Manager (if any):	Not Applicable
35	If non-syndicated, name of relevant Dealer:	Not Applicable
36	Additional selling restrictions:	US private placement restrictions as set out in IAI Investment Letter(s)

Responsibility

Each of the Obligor(s) accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Holdings Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Overseas Holdings Limited:

.....

By:

Duly authorised

Part B – Other Information

1 Listing

- Listing None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date.
- (i) Admission to trading: None on the Issue Date. The Issuer intends to apply for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority following the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: Not Applicable.

2 Ratings

- Ratings: The Bonds to be issued have been rated:
S&P: A-
Moody's: A3
Fitch: A
Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009.
A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension or withdrawal at any time

3 Notification

Not Applicable

4 Reasons for the offer, estimated net proceeds and total expenses

Reasons for the offer: Not Applicable

5 Yield

Indication of yield: 3.983 per cent. per annum
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Performance of Index/Formula/Other Variable and other Information Concerning the Underlying

Not Applicable

7 Performance of Rates of Exchange

Not Applicable

8 Operational Information

Intended to be held in a manner which No

would allow Eurosystem eligibility:	
ISIN:	GB00B7W1QT00
CUSIP:	Not Applicable
PPN:	G0369@ AS5
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):	Not Applicable
Delivery:	See Annex hereto
Names and addresses of additional Paying Agent(s) (if any):	None
9 General	
Applicable TEFRA exemption:	Not Applicable

ANNEX

1 Taxation

Condition 11 (*Taxation*) shall be deleted and replaced with the following:

“11 Tax gross up and indemnities

11.1 From the Issue Date to but excluding the date on which the Bonds are listed

This Condition 11.1 applies from the Issue Date to but excluding the date (if any) on which the Bonds are listed (and, for the avoidance of doubt, if the Bonds are never listed, this Condition 11.1 shall apply at all times).

(a) *Definitions*

In this Condition 11:

“**Borrower DTTP Filing**” means an H.M. Revenue & Customs’ Form DTTP2 duly completed and filed by the Issuer, which:

(A)

- (i) where it relates to a Treaty Bondholder that is an Original Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified to the Issuer in writing within 10 Business Days of issue of the Bonds; or
- (ii) where it relates to a Treaty Bondholder that is a New Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified in respect of that Bondholder to the Issuer in writing within 10 Business Days of transfer of the Bonds to such Bondholder, and

(B) is filed with H.M. Revenue & Customs within 30 days of the Issue Date or, as applicable, that transfer date.

“**CTA**” means the Corporation Tax Act 2009.

“**ITA**” means the Income Tax Act 2007.

“**New Bondholder**” means any Bondholder other than an Original Bondholder.

“**Original Bondholder**” means a Bondholder who is issued the Bonds directly by the Issuer.

“**Qualifying Bondholder**” means a Bondholder which is beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds and is:

(A) a Bondholder which is:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes;
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of

the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or

(B) a Treaty Bondholder.

“**Tax Confirmation**” means a confirmation by a Bondholder that the person beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under the Bonds.

“**Tax Payment**” means the increase in a payment made by the Issuer or any Obligor or any Paying Agent acting on its behalf to a Bondholder under Condition 11(b) (*Tax gross-up*).

“**Treaty Bondholder**” means a Bondholder which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Bondholder’s participation in the Bonds is effectively connected; and
- (iii) is capable of fulfilling any conditions which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain exemption from United Kingdom taxation on interest.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Unless a contrary indication appears, in this Condition 11 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

- (b) *Tax gross-up*
- (i) The Issuer or, as the case may be, any other Obligor and any Paying Agent acting on behalf of any such entity, shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
 - (ii) The Issuer shall promptly upon becoming aware that it or any Obligor or any Paying Agent acting on its behalf must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Bondholders accordingly. Similarly, a Bondholder shall notify the Issuer on becoming so aware in respect of a payment payable to that Bondholder. In addition, a Bondholder shall promptly notify the Issuer if it ceases to be a Qualifying Bondholder, including (for the avoidance of doubt) where it has ceased to be beneficially entitled to interest payable on the Bonds as a result of a transfer of its legal or beneficial interest in the Bonds.
 - (iii) If a Tax Deduction is required by law to be made by the Issuer or any Obligor or any Paying Agent acting on its behalf, the amount of the payment due from the Issuer or any Obligor or any Paying Agent acting on its behalf shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
 - (iv) A payment shall not be increased under paragraph (iii) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (A) the payment could have been made to the relevant Bondholder without a Tax Deduction if the Bondholder had been a Qualifying Bondholder, but on that date that Bondholder is not or has ceased to be a Qualifying Bondholder other than as a result of any change after the date it became a Bondholder in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
 - (B) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Bondholder has received from the Issuer a certified copy of that Direction; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if that Direction had not been made; or
 - (C) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I the relevant Bondholder has not given a Tax Confirmation to the Issuer; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if the Bondholder had given a Tax Confirmation to the Issuer, on the basis that the Tax Confirmation would have enabled the Issuer to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
 - (D) the relevant Bondholder is a Treaty Bondholder and the Issuer is able to demonstrate that the payment could have been made to the Bondholder without the Tax Deduction had

that Bondholder complied with its obligations under paragraph (vii) or (viii) (as applicable) below.

- (v) If the Issuer or any Obligor or any Paying Agent acting on its behalf is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
 - (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Issuer shall deliver to the relevant Bondholders a statement under section 975 of the ITA or other evidence reasonably satisfactory to those Bondholders that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
 - (vii)
 - (A) Subject to paragraph (B) below, a Treaty Bondholder and the Issuer shall co-operate in completing any procedural formalities necessary for the Issuer or any Obligor or any Paying Agent acting on its behalf to obtain authorisation to make that payment without a Tax Deduction.
 - (B)
 - I A Treaty Bondholder which is issued the Bonds directly by the Issuer, that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing to the Issuer within 10 Business Days of issue of the Bonds; and
 - II a New Bondholder that is a Treaty Bondholder that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing directly to the Issuer within 10 Business Days of transfer of the Bonds,
- and, having done so, that Bondholder shall be under no obligation pursuant to paragraph (A) above.
- (C) Each Bondholder that includes the confirmation described in paragraph (B)(I) above or the confirmation described in paragraph (B)(II) above thereby notifies the Issuer that, to the extent that the HMRC DT Treaty Passport scheme is to apply in respect of that Bondholder's holding of the Bonds, the Issuer must file a Borrower DTTP Filing.
- (viii) If a Bondholder has confirmed its DTTP reference number and its jurisdiction of tax residence in accordance with paragraph (vii)(B) above and:
 - (A) the Issuer has not made a Borrower DTTP Filing in respect of that Bondholder; or
 - (B) the Issuer has made a Borrower DTTP Filing in respect of that Bondholder but:
 - I that Borrower DTTP Filing has been rejected by H.M. Revenue & Customs; or
 - II H.M. Revenue & Customs has not given the Issuer authority to make payments to that Bondholder without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Issuer has notified that Bondholder in writing, that Bondholder and the Issuer shall co-operate in completing any additional procedural formalities necessary for the Issuer to obtain authorisation to make that payment without a Tax Deduction.

- (ix) The Issuer shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the relevant Bondholder.
- (x) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and who is issued the Bonds directly by the Issuer gives a Tax Confirmation to the Issuer by subscribing for the Bonds.
- (xi) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder shall promptly notify the Issuer if there is any change in the position from that set out in the Tax Confirmation.

(c) *Tax Credit*

If the Issuer makes a Tax Payment and the relevant Bondholder determines that:

- (i) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (ii) that Bondholder has obtained and utilised that Tax Credit,

the Bondholder shall pay an amount to the Issuer which that Bondholder determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Issuer.

(d) *Bondholder status confirmation*

Each Bondholder which becomes a Bondholder after 1 August 2012 shall indicate, in the documentation submitted to the Registrar on registration of the transfer of the Bonds, which of the following categories it falls in:

- (i) not a Qualifying Bondholder;
- (ii) a Qualifying Bondholder (other than a Treaty Bondholder); or
- (iii) a Treaty Bondholder.

If a New Bondholder fails to indicate its status in accordance with this Condition 11(d) then such New Bondholder shall be treated for the purposes of these Conditions (including by the Issuer) as if it is not a Qualifying Bondholder until such time as it notifies the Issuer which category applies.

11.2 From and including the date on which the Bonds are listed

This Condition 11.2 applies from and including the date on which the Bonds are listed.

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by the Issuer and the other Obligors or by any Paying Agent, the Registrar, the Bond Trustee or the Security Trustee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, any other Obligor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom or, in the case of payments made by AWS Overseas Holdings, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Definitive IAI Registered Bond representing such Bond for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Definitive IAI Registered Bond representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender;

“**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or (in the case of payment by AWS Overseas Holdings) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.”.

2 **Make-Whole Amount and Swap Breakage**

Condition 10(k) (*U.S. Private Placement Holders*) shall be deleted and replaced with the following:

“(k) **U.S. Private Placement Holders**

- (i) *Make-Whole Amount with respect to Non-Swapped Notes*

The term “**Make-Whole Amount**” means, with respect to any Non-Swapped Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Non-Swapped Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount with respect to any Non-Swapped Note, the following terms have the following meanings:

“**Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“**Called Principal**” means, with respect to any Non-Swapped Note, the principal of such Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for Tax Reasons*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such

Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Non-Swapped Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“**Non-Swapped Note**” means any Note other than a Swapped Note.

“**Reinvestment Yield**” means, with respect to the Called Principal of any Non-Swapped Note, the sum of (x) the Applicable Percentage plus (y) the yield to maturity implied by (i) the gross redemption yield as published in the Financial Times on the second Business Day preceding the Settlement Date for actively traded UK Treasury securities having a maturity equal to or closest to the Remaining Average Life of such Called Principal (the “**Reference Stock**”) as of such Settlement Date, or (ii) if (a) the Financial Times is not published on that day, or (b) there is a manifest error in the published figures or (c) the calculation in the Financial Times ceases to be in keeping with the Formula for the Calculation of Redemption Yields indicated by the Joint Index and Classification Committee of the Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Volume 105, Part I, 1978, Page 18 (the “**Formula**”), the gross redemption yield calculated on the basis of the arithmetic mean (to three decimal places 0.0005 rounded down) of the mid market price for the Reference Stock on a dealing basis by three authorised leading market makers in the gilt-edged market as at or about 11.00 am on the second Business Day preceding the Settlement Date according to the Formula.

“**Remaining Average Life**” means, with respect to any Called Principal, the number of years obtained by dividing (x) such Called Principal into (y) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” means, with respect to the Called Principal of any Non-Swapped Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of such Non-Swapped Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Condition 10(c) (*Redemption for Tax Reasons*) or Condition 13(d) (*Automatic Acceleration*).

“**Settlement Date**” means, with respect to the Called Principal of any Non-Swapped Note, the date on which such Called Principal is to be prepaid pursuant Condition 10(c) (*Redemption for Tax Reasons*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

(ii) *Make-Whole Amount with respect to Swapped Notes*

The term “**Make-Whole Amount**” means, with respect to any Swapped Note, an amount equal to the excess, if any, of the Swapped Note Discounted Value with respect to the Swapped Note Called Notional Amount related to such Swapped Note over such Swapped Note Called Notional Amount, provided that the Make-Whole Amount may not in any event be less than zero. All payments of Make-Whole Amount in respect of any Swapped Note shall be made in U.S. Dollars. For the purposes of determining the Make-Whole Amount with respect to any Swapped Note, the following terms have the following meanings:

“**New Swap Agreement**” means any cross-currency swap agreement pursuant to which the holder of a Swapped Note is to receive payment in U.S. Dollars and which is entered into in full or partial

replacement of an Original Swap Agreement as a result of such Original Swap Agreement having terminated for any reason other than a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity, provided that such cross-currency swap agreement must be in form and substance (including commercial terms) satisfactory to the Issuer. The terms of a New Swap Agreement with respect to any Swapped Note do not have to be identical to those of the Original Swap Agreement with respect to such Swapped Note.

“**Original Swap Agreement**” means, with respect to any Swapped Note, (x) a cross-currency swap agreement and annexes and schedules thereto (an “**Initial Swap Agreement**”) that is entered into on an arm’s length basis by the original purchaser of such Swapped Note (or any affiliate thereof) in connection with the issuance of the Swapped Notes and the purchase of such Swapped Note and relates to the scheduled payments by the Issuer of interest and principal on such Swapped Note, under which the holder of such Swapped Note is to receive payments from the counterparty thereunder in U.S. Dollars and which is more particularly described in the Schedule (*Initial Swap Agreement*) to the IAI Investment Letter entered into by the relevant holder of a Swapped Note, (y) any Initial Swap Agreement that has been assumed (without any waiver, amendment, deletion or replacement of any material economic term or provision thereof) by a holder of a Swapped Note in connection with a transfer of such Swapped Note and (z) any Replacement Swap Agreement; and a “**Replacement Swap Agreement**” means, with respect to any Swapped Note, a cross-currency swap agreement and annexes and schedules thereto with payment terms and provisions (other than a reduction in notional amount, if applicable) identical to those of the Initial Swap Agreement with respect to such Swapped Note that is entered into on an arm’s length basis by the holder of such Swapped Note in full or partial replacement (by amendment, modification or otherwise) of such Initial Swap Agreement (or any subsequent Replacement Swap Agreement) in a notional amount not exceeding the outstanding principal amount of such Swapped Note following a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity. Any holder of a Swapped Note that enters into, assumes or terminates an Initial Swap Agreement or Replacement Swap Agreement shall within a reasonable period of time thereafter deliver to the Issuer a description of such Initial Swap Agreement or Replacement Swap Agreement, assumption or termination related thereto.

“**Swap Agreement**” means, with respect to any Swapped Note, an Original Swap Agreement or a New Swap Agreement, as the case may be.

“**Swapped Note**” means any Bond that as of the Funding Date is subject to a Swap Agreement. A “Swapped Note” shall no longer be deemed a “Swapped Note” at such time as the related Swap Agreement ceases to be in force in respect thereof and, in the case of an Original Swap Agreement which has terminated, a New Swap Agreement is not entered into in replacement thereof.

“**Swapped Note Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“**Swapped Note Called Notional Amount**” means, with respect to any Swapped Note Called Principal of any Swapped Note, the payment in U.S. Dollars due to the holder of such Swapped Note under the terms of the Swap Agreement to which such holder is a party, attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date, provided that if such Swap Agreement is not an Initial Swap Agreement, then the “Swapped Note Called Notional Amount” in respect of such Swapped Note shall not exceed the amount in U.S. Dollars which would have been due to the holder of such Swapped Note under the terms of the Initial Swap Agreement to which such holder was a party (or if such holder was never party to an Initial Swap Agreement, then the last Initial Swap Agreement to which the most recent predecessor in interest to such holder as a holder of such Swapped Note was a party),

attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date.

“**Swapped Note Called Principal**” means, with respect to any Swapped Note, the principal of such Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“**Swapped Note Discounted Value**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Swapped Note Remaining Scheduled Swap Payments corresponding to the Swapped Note Called Notional Amount of such Swapped Note from their respective scheduled due dates to the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Swapped Note is payable) equal to the Swapped Note Reinvestment Yield with respect to such Swapped Note Called Notional Amount.

“**Swapped Note Reinvestment Yield**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note, the sum of (x) Swapped Note Applicable Percentage plus (y) the yield to maturity implied by the yields reported, as of 10.00 A.M. (New York City time) on the second Business Day preceding the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on the Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities (“**Reported**”) having a maturity equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date.

If there are no such U.S. Treasury securities Reported having a maturity equal to such Swapped Note Remaining Average Life, then such implied yield to maturity will be determined by (A) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (B) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on the run U.S. Treasury securities with the maturity closest to and greater than the Swapped Note Remaining Average Life closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “**Swapped Note Reinvestment Yield**” means, with respect to the Swapped Note Called Notional Amount of such Swapped Note, the Swapped Note Applicable Percentage over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Swapped Note Called Notional Amount, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Swapped Note Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Swapped Note Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such

Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

“**Swapped Note Remaining Average Life**” means, with respect to any Swapped Note Called Notional Amount, the number of years obtained by dividing (x) such Swapped Note Called Notional Amount into (y) the sum of the products obtained by multiplying (1) the principal component of each Swapped Note Remaining Scheduled Swap Payments with respect to such Swapped Note Called Notional Amount by (2) the number of years computed on the basis of a 360 day year composed of twelve 30-day months that will elapse between the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount and the scheduled due date of such Swapped Note Remaining Scheduled Payments.

“**Swapped Note Remaining Scheduled Swap Payments**” means, with respect to the Swapped Note Called Notional Amount relating to any Swapped Note, all payments due to the holder of such Swapped Note in U.S. Dollars under the terms of the Swap Agreement to which such holder is a party which correspond to all payments of the Swapped Note Called Principal of such Swapped Note corresponding to such Swapped Note Called Notional Amount and interest on such Swapped Note Called Principal (other than that portion of the payment due under such Swap Agreement corresponding to the interest accrued on the Swapped Note Called Principal to the Swapped Note Settlement Date) that would be due after the Swapped Note Settlement Date in respect of such Swapped Note Called Notional Amount if no payment of such Swapped Note Called Principal were made prior to its originally scheduled payment date, provided that if such Swapped Note Settlement Date is not a date on which interest payments are due to be made under the terms of such Swapped Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Swapped Note Settlement Date and required to be paid on such Swapped Note Settlement Date pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 13(d) (*Automatic Acceleration*).

“**Swapped Note Settlement Date**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note Called Principal of any Swapped Note, the date on which such Swapped Note Called Principal is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.”

(iii) *Swap Breakage*

If any Swapped Note is (i) not funded on 1 October 2012 (other than due to a holder being unable or unwilling to fund on such date when all conditions precedent to such holder’s funding obligations having been satisfied) or (ii) prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), then (a) any resulting Net Loss in connection therewith shall be reimbursed to the holder of such Swapped Note by the Issuer in U.S. Dollars upon any such prepayment or repayment of such Swapped Note and (b) any resulting Net Gain in connection therewith shall be deducted (i) from the Make-Whole Amount, if any, or any principal or interest to be paid to the holder of such Swapped Note by the Issuer upon any such prepayment of such Swapped Note pursuant to Condition 10(c) (*Redemption for tax reasons*) or (ii) from the Make-Whole Amount, if any, to be paid to the holder of such Swapped Note by the Issuer upon any such repayment of such Swapped Note pursuant to Condition 13(d) (*Automatic Acceleration*), provided that, in either case, the Make-Whole Amount in respect of such Swapped Note may not in any event be less than zero. Each holder of a Swapped Note shall calculate reasonably and in good faith its own Net Loss or Net Gain, as the case may be, and Swap Breakage Amount in U.S. Dollars upon the prepayment or repayment of all or any portion of

such Swapped Note, and such calculations as reported to the Issuer in reasonable detail shall be binding on the Issuer absent demonstrable error.

As used in this Condition 10(k) with respect to any Swapped Note that is prepaid or accelerated: “**Net Loss**” means the amount, if any, by which the Swapped Note Called Notional Amount exceeds the sum of (x) the Swapped Note Called Principal plus (or minus in the case of an amount paid) (y) the Swap Breakage Amount received (or paid) by the holder of such Swapped Note; and “**Net Gain**” means the amount, if any, by which the Swapped Note Called Notional Amount is exceeded by the sum of (x) the Swapped Note Called Principal 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 Note Called Principal shall be determined by the holder of the affected Swapped Note 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 Note 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.

As used in this Condition 10(k), “**Swap Breakage Amount**” means, with respect to the Swap Agreement associated with any Swapped Note, in determining the Net Loss or Net Gain, the amount that would be received (in which case the Swap Breakage Amount shall be positive) or paid (in which case the Swap Breakage Amount shall be negative) by the holder of such Swapped Note as if such Swap Agreement had terminated due to the occurrence of an event of default or an early termination under the ISDA 1992 Multi-Currency Cross Border Master Agreement or ISDA 2002 Master Agreement, as applicable (the “**ISDA Master Agreement**”); provided, however, that if such holder (or its predecessor in interest with respect to such Swapped Note) was, but is not at the time, a party to an Original Swap Agreement but is a party to a New Swap Agreement, then the Swap Breakage Amount shall mean the lesser of (x) the gain or loss (if any) which would have been received or incurred (by payment, through off-set or netting or otherwise) by the holder of such Swapped Note under the terms of the Original Swap Agreement (if any) in respect of such Swapped Note to which such holder (or any affiliate thereof) was a party (or if such holder was never a party to an Original Swap Agreement, then the last Original Swap Agreement to which the most recent predecessor in interest to such holder as a holder of a Swapped Note was a party) and which would have arisen as a result of the payment of the Swapped Note Called Principal on the Swapped Note Settlement Date and (y) the gain or loss (if any) actually received or incurred by the holder of such Swapped Note, in connection with the payment of such Swapped Note Called Principal on the Swapped Note Settlement Date, under the terms of the New Swap Agreement to which such holder (or any affiliate thereof) is a party. The holder of such Swapped Note will make all calculations related to the Swap Breakage Amount reasonably and in good faith and in accordance with its customary practices for calculating such amounts under the ISDA Master Agreement pursuant to which such Swap Agreement shall have been entered into and assuming for the purpose of such calculation that there are no other transactions entered into pursuant to such ISDA Master Agreement (other than such Swap Agreement).

The Swap Breakage Amount shall be payable in U.S. Dollars.”

3 Payment and delivery

3.1 On the Documentation Closing Date

The Definitive IAI Registered Bonds in respect of the Bonds (the “**Relevant Definitive IAI Registered Bonds**”) shall be delivered by, or on behalf of, the Issuer to Winston & Strawn LLP to be held in escrow for the holders of the Bonds until the Funding Date, provided that:

- (i) no holder of the Bonds or the Issuer shall have any entitlement to receive any Relevant Definitive IAI Registered Bond except in accordance with this paragraph 3; and
- (ii) Winston & Strawn LLP delivers to the Issuer, promptly upon receipt of such Relevant Definitive IAI Registered Bonds and in any event, no later than 4.00 p.m. (London time) a letter substantially in the form agreed between Winston & Strawn LLP and the Issuer, confirming, among other things, receipt by Winston & Strawn LLP of such Relevant Definitive IAI Registered Bonds.

3.2 On the Funding Date

- 3.2.1 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 (as notified by the Relevant Dealer to each such holder prior to the Funding Date) payment in respect of the Bonds.
- 3.2.2 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 GBP and in immediately available cleared funds an amount equal to the Aggregate Nominal Amount of the Bonds.
- 3.2.3 Promptly following receipt of the Aggregate Nominal Amount of the Bonds, the Issuer shall deliver a letter to Winston & Strawn LLP:
 - (i) confirming receipt of such amount; and
 - (ii) giving instructions to Winston & Strawn LLP to release the Relevant Definitive IAI Registered Bonds to the respective holders of the Bonds.

3.3 Return of Relevant Definitive IAI Registered Bonds

If the Issuer has not received the Aggregate Nominal Amount of the Bonds by 8.00 p.m. (London time), or any later time that has been agreed in writing by the parties, on the Funding Date:

- 3.3.1 Winston & Strawn LLP shall:
 - (i) promptly deliver each Relevant Definitive IAI Registered Bond in respect of the Bonds to the Issuer; and
 - (ii) promptly notify (a) the Issuer, (b) the Registrar, (c) the Bond Trustee and (d) the Security Trustee that each Relevant Definitive IAI Registered Bond has so been returned, and
- 3.3.2 the Issuer shall procure that the Registrar, following receipt of the notification to it by Winston & Strawn LLP in paragraph 3.3.1(ii) above, cancel each Relevant Definitive IAI Registered Bond and update the Register accordingly.

3.4 No obligation to release and deliver the Relevant Definitive IAI Registered Bonds by Winston & Strawn LLP

In no circumstance will Winston & Strawn LLP be obliged to release and deliver the Relevant Definitive IAI Registered Bonds to any holder of the Bonds unless each of the following conditions are met and are continuing:

- (i) the Relevant Dealer has received payment in respect of the Aggregate Nominal Amount of the Bonds from all the relevant holders of the Bonds on or before the Funding Deadline; and

- (ii) the Issuer has received an amount equal to the Aggregate Nominal Amount of the Bonds in an account in its name.

3.5 No Liability

No Liability and no Secured Liability shall arise on the part of the Issuer or any other Obligor or shall be owed by the Issuer or any Obligor to the holder of a Relevant Definitive IAI Registered Bond (including, without limitation, under these Final Terms or any Finance Document to which a holder of the Relevant Definitive IAI Registered Bond is a party) until the Funding Date, provided that the steps set out in paragraph 3.2 are satisfied.

3.6 Definitions for paragraph 3

For the purposes of this paragraph 3:

“**Aggregate Nominal Amount**” has the meaning given to it in Part A of these Final Terms;

“**Documentation Closing Date**” means 1 August 2012;

“**Funding Date**” means 1 October 2012;

“**GBP**” means the Specified Currency (as used in these Final Terms);

“**Liability**” has the meaning given to it in the Master Definitions Agreement;

“**Obligor**” has the meaning given to it in the Master Definitions Agreement;

“**Relevant Dealer**” means Barclays Bank PLC;

“**Register**” has the meaning given to it in the Master Definitions Agreement; and

“**Secured Liability**” has the meaning given to it in the Master Definitions Agreement.

4 Amendments

The Issuer and AWS will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of the Bonds issued under these Final Terms (the “**Relevant Bondholder**”) as consideration for or as an inducement to the entering into by any waiver or amendment of any of the terms and provisions in these Final Terms unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, rateably to each Relevant Bondholder then outstanding even if such Relevant Bondholder did not consent to such waiver or amendment.

5 Listing

The Issuer and AWS undertake to the holders of the Bonds that they shall use reasonable endeavours to list the Bonds prior to the first Interest Payment Date of the Bonds. Following the successful listing of the Bonds, the Issuer and AWS shall promptly notify the holders of the Bonds of such listing.

**FINAL TERMS OF THE GBP15,000,000 1.37 PER CENT. CLASS A SENIOR
UNWRAPPED GUARANTEED REGISTERED RPI-LINKED BONDS DUE AUGUST 2022**

Final Terms dated 30 July 2012

ANGLIAN WATER SERVICES FINANCING PLC

Issue of GBP15,000,000 1.37 per cent. Class A senior unwrapped guaranteed registered RPI-Linked Bonds due August 2022 (the “Bonds”) unconditionally and irrevocably guaranteed by, *inter alios*, ANGLIAN WATER SERVICES LIMITED under the €10,000,000,000 Global Secured Medium Term Note Programme

Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 October 2011, the supplementary prospectus dated 5 December 2011, the supplementary prospectus dated 7 March 2012 and the supplementary prospectus dated 1 June 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer, the Obligors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ and www.anglianwater.co.uk and copies may be obtained from Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by MBIA UK Insurance Limited or by any other financial institution.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT (“REGULATIONS”). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS AND WITHIN THE UNITED STATES AND TO U.S. PERSONS THAT ARE “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7)) UNDER THE SECURITIES ACT THAT ARE INSTITUTIONS (“INSTITUTIONAL ACCREDITED INVESTORS”), THAT EXECUTE AND DELIVER AN INVESTMENT LETTER, IN TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING IN THE UNITED STATES. FOR A DESCRIPTION OF RESTRICTIONS ON TRANSFERS OF THE BONDS AND DISTRIBUTION OF THESE FINAL TERMS AND THE REMAINDER OF THE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS” CONTAINED IN THE PROSPECTUS.

- | | | |
|---|----------------|--|
| 1 | (i) Issuer: | Anglian Water Services Financing Plc |
| | (ii) Obligors: | Anglian Water Services Limited, Anglian Water Services |

		Holdings Limited and Anglian Water Services Overseas Holdings Limited
2	(i) Series Number:	42
	(ii) Tranche Number:	1
	(iii) Nature of Bonds:	USPP Bonds
3	Specified Currency or Currencies:	Pounds sterling (“ GBP ”)
4	Aggregate Nominal Amount of Bonds:	Series: GBP15,000,000 Tranche: GBP15,000,000
5	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(i) Net Proceeds:	Not Applicable
6	Specified Denominations:	GBP100,000 plus integral multiples of GBP10,000 thereafter
7	Issue Date:	1 August 2012
8	Interest Commencement Date:	1 August 2012
9	Maturity Date:	1 August 2022
10	Interest Basis:	Fixed Rate Indexation Bond
11	Redemption/Payment Basis:	Redemption at par subject to indexation as provided in Condition 9
12	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
13	Call Options:	Not Applicable
14	(i) Status of the Bonds:	The Class A Wrapped Bonds and the Class A Unwrapped Bonds will rank <i>pari passu</i> among each other in terms of interest and principal payments and rank in priority to the Class B Wrapped Bonds and the Class B Unwrapped Bonds. The USPP Bonds will constitute Class A Bonds.
	(ii) Status of the Guarantees:	Senior
	(iii) Date Board approval for issuance of Bonds obtained:	27 July 2012
15	Listing:	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date. See paragraph 5 of the Annex hereto.
16	Method of Distribution:	Non-syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
17	Fixed Rate Bond Provisions:	Applicable
	(i) Rate(s) of Interest:	1.37 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	1 February and 1 August in each year, commencing 1 February 2013, up to and including the Maturity Date
	(iii) Fixed Coupon Amount(s):	GBP6.85 per GBP1,000 nominal amount of the Bonds, subject to indexation in accordance with Condition 9
	(iv) Broken Amount(s):	None

	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Dates:	1 February and 1 August in each year
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Bonds:	Each payment of interest will be adjusted for indexation in accordance with Condition 9 (as amended pursuant to the Annex hereto)
18	Floating Rate Bond Provisions:	Not Applicable
19	Zero Coupon Bond Provisions:	Not Applicable
20	Index Linked Interest/Redemption Bond Provisions:	Not Applicable
21	Indexation Bond Provisions:	Applicable
	(i) Base Index Figure:	242.4
	(ii) Any other terms relating to indexation, if different from those set out in the Conditions:	See the Annex hereto
	(iii) Reference Gilt:	1.875 per cent. UK Treasury Index Linked Stock due 2022 (or if such stock is not available such other index-linked stock issued by or on behalf of HM Government as the Issuer, on the advice of three brokers and/or gilt-edged market makers (or such other three persons operating in the gilt-edged market as the Issuer, after consultation with the Bond Trustee, may select), may consider to be the most appropriate reference government stock for the Bonds).
22	Dual Currency Bond Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23	Issuer Call:	Not Applicable
24	Final Redemption Amount of each Bond:	Par subject to indexation as provided for in Condition 9
25	Early Redemption Amount of each Bond payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 10(e)):	Par subject to indexation as provided for in Condition 9

GENERAL PROVISIONS APPLICABLE TO THE BONDS

26	Form of Bonds:	
	(i) New Global Note:	No
	(ii) Registered Bonds:	Yes
		Definitive IAI Registered Bonds (minimum denominations of GBP100,000 and integral multiples of GBP10,000 thereafter)
27	Additional Financial Centre(s) or other special provisions relating to	Not Applicable

	Payment Dates:	
28	Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature):	Not Applicable
29	Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment:	Not Applicable
30	Details relating to Instalment Bonds:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
31	Redenomination applicable:	Redenomination applicable (as amended pursuant to paragraph 4 in the Annex hereto)
32	Other final terms:	See Annex hereto
DISTRIBUTION		
33	If syndicated, names of Managers:	Not Applicable
	(i) Stabilising Manager (if any):	Not Applicable
34	If non-syndicated, name of relevant Dealer:	Not Applicable
35	Additional selling restrictions:	Not Applicable

Responsibility

Each of the Obligors accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Holdings Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Overseas Holdings Limited:

.....

By:

Duly authorised

Part B – Other Information

1	Listing	
	Listing	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date.
	(i) Admission to trading:	None on the Issue Date. The Issuer intends to apply for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority following the Issue Date.
	(ii) Estimate of total expenses related to admission to trading:	Not Applicable
2	Ratings	
	Ratings:	The Bonds to be issued have been rated: S&P: A- Moody's: A3 Fitch: A Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension or withdrawal at any time.
3	Notification	
	Notification	Not Applicable
4	Reasons for the offer, estimated net proceeds and total expenses	
	Reasons for the offer:	Not Applicable
5	Yield	
	Indication of yield:	1.37 per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Performance of Index/Formula/Other Variable and other Information Concerning the Underlying

Information on the RPI (for all items) published by the Office for National Statistics can be found on Bloomberg Page UKRPI

7 Performance of Rates of Exchange

Not Applicable

8 Operational Information

Intended to be held in a manner which would allow Eurosystem eligibility: No

ISIN: GB00B6TRH025

CUSIP: Not Applicable

PPN: G0369@ AP1

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): Not Applicable

Delivery: Delivery against payment

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

9 General

Applicable TEFRA exemption: Not Applicable

ANNEX

1 Indexation

Condition 9 (Indexation) shall be amended as follows:

- (a) the definition of “Index” or “Index Figure” in Condition 9(a) shall be deleted and replaced with the following:

“**Index**” or “**Index Figure**” means, subject as provided in paragraph (c) below, RPI (for all items) published by the Office for National Statistics (January 1987 = 100) (currently contained in the Monthly Digest of Statistics), or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Any reference to the “Index Figure applicable” to a particular month shall, subject as provided in paragraph (c) below, be calculated in accordance with the following formula:

$$IFA = RPI_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (RPI_{m-2} - RPI_{m-3})$$

“**Calculation Date**” means any Interest Payment Date, the Maturity Date or any other date on which principal falls due;

“**IFA**” means the Index Figure applicable;

“**RPI_{m-3}**” means the Index Figure for the first day of the month that is three months prior to the month in which an Interest Payment Date occurs;

“**RPI_{m-2}**” means the Index Figure for the first day of the month that is two months prior to the month in which an Interest Payment Date occurs;”;

- (b) the reference to “four decimal places (0.00005 being rounded upwards)” in Condition 9(b) shall be changed to “five decimal places (0.000005 being rounded upwards)”;
- (c) in the first paragraph of Condition 9(c)(ii), the words:

“If the Index Figure normally published in the seventh month, and relating to the eighth month (the “relevant month”), before the month in which a payment is due to be made is not published on or before the fourteenth Business Day before the date (the “date for payment”) on which such payment is due”

shall be deleted and replaced with the following:

“If the Index Figure normally published in any month relevant for determining the Index Figure (the “relevant month”), is not published on or before the fourteenth Business Day before the date (the “date for payment”) on which a payment is due”;

and

- (d) the reference to “Bank of England” in Condition 9(c)(ii)(A) shall be deleted and replaced with “the United Kingdom Debt Management Office”.

2 Early Redemption for Index Reasons

Condition 10(b) (Redemption and Purchase – Early Redemption for Index Reasons) shall be deleted and replaced with the following:

“(b) Early Redemption for Index Reasons

If, in the case of Indexation Bonds, the Index Figure fails to be determined for three consecutive months other than on the basis provided in Condition 9(c)(ii) and the Bond Trustee has been notified by the Principal Paying Agent that publication of the Index has ceased and no amendment or substitution of the Index shall have been advised by the Indexation Adviser to the Issuer, the Issuer may, on any Interest Payment Date upon which the circumstances described above are continuing, having given not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the holders of the Indexation Bonds in accordance with Condition 18 (which notice shall be irrevocable) redeem all, but not some only, of the Indexation Bonds at their Early Redemption Amount, together with interest accrued up to and including the date of redemption.”

3 Redemption for tax reasons

Condition 10(c) (Redemption and Purchase – Redemption for tax reasons) shall be amended by the deletion of the words “then the Issuer may, in order to avoid the relevant deduction or withholding,” in the first sentence of the first paragraph thereof and the replacement therefor with the words “then the Issuer will, in order to avoid the relevant deduction or withholding.”.

4 Redenomination

Condition 6 (Redenomination) shall be amended as follows:

- (a) by the insertion of the following Condition 6(a)(viii):

“such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent and the Bond Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.”; and

- (b) by the deletion of the word “and” at the end of Condition 6(a)(vi) and the insertion of “; and” at the end of Condition 6(a)(vii).

5 Listing

The Issuer and AWS intend to list the Bonds prior to the first Interest Payment Date of the Bonds.

6 Taxation

Condition 11 (*Taxation*) shall be deleted and replaced with the following:

“11 Tax gross up and indemnities

11.1 From the Issue Date to but excluding the date on which the Bonds are listed

This Condition 11.1 applies from the Issue Date to but excluding the date (if any) on which the Bonds are listed (and, for the avoidance of doubt, if the Bonds are never listed, this Condition 11.1 shall apply at all times).

- (a) *Definitions*

In this Condition 11:

“**Borrower DTTP Filing**” means an H.M. Revenue & Customs’ Form DTTP2 duly completed and filed by the Issuer, which:

- (A)

- (i) where it relates to a Treaty Bondholder that is an Original Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified to the Issuer in writing within 10 Business Days of issue of the Bonds; or
 - (ii) where it relates to a Treaty Bondholder that is a New Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified in respect of that Bondholder to the Issuer in writing within 10 Business Days of transfer of the Bonds to such Bondholder, and
- (B) is filed with H.M. Revenue & Customs within 30 days of the Issue Date or, as applicable, that transfer date.

“**CTA**” means the Corporation Tax Act 2009.

“**ITA**” means the Income Tax Act 2007.

“**New Bondholder**” means any Bondholder other than an Original Bondholder.

“**Original Bondholder**” means a Bondholder who is issued the Bonds directly by the Issuer.

“**Qualifying Bondholder**” means a Bondholder which is beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds and is:

- (A) a Bondholder which is:
 - (i) a company resident in the United Kingdom for United Kingdom tax purposes;
 - (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
 - (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or
- (B) a Treaty Bondholder.

“**Tax Confirmation**” means a confirmation by a Bondholder that the person beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of

the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under the Bonds.

“**Tax Payment**” means the increase in a payment made by the Issuer or any Obligor or any Paying Agent acting on its behalf to a Bondholder under Condition 11(b) (*Tax gross-up*).

“**Treaty Bondholder**” means a Bondholder which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Bondholder’s participation in the Bonds is effectively connected; and
- (iii) is capable of fulfilling any conditions which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain exemption from United Kingdom taxation on interest.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Unless a contrary indication appears, in this Condition 11 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

(b) *Tax gross-up*

- (i) The Issuer or, as the case may be, any other Obligor and any Paying Agent acting on behalf of any such entity, shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (ii) The Issuer shall promptly upon becoming aware that it or any Obligor or any Paying Agent acting on its behalf must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Bondholders accordingly. Similarly, a Bondholder shall notify the Issuer on becoming so aware in respect of a payment payable to that Bondholder. In addition, a Bondholder shall promptly notify the Issuer if it ceases to be a Qualifying Bondholder, including (for the avoidance of doubt) where it has ceased to be beneficially entitled to interest payable on the Bonds as a result of a transfer of its legal or beneficial interest in the Bonds.
- (iii) If a Tax Deduction is required by law to be made by the Issuer or any Obligor or any Paying Agent acting on its behalf, the amount of the payment due from the Issuer or any Obligor or any Paying Agent acting on its behalf shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

- (iv) A payment shall not be increased under paragraph (iii) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (A) the payment could have been made to the relevant Bondholder without a Tax Deduction if the Bondholder had been a Qualifying Bondholder, but on that date that Bondholder is not or has ceased to be a Qualifying Bondholder other than as a result of any change after the date it became a Bondholder in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
 - (B) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - (a) an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Bondholder has received from the Issuer a certified copy of that Direction; and
 - (b) the payment could have been made to the Bondholder without any Tax Deduction if that Direction had not been made; or
 - (C) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - (a) the relevant Bondholder has not given a Tax Confirmation to the Issuer; and
 - (b) the payment could have been made to the Bondholder without any Tax Deduction if the Bondholder had given a Tax Confirmation to the Issuer, on the basis that the Tax Confirmation would have enabled the Issuer to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
 - (D) the relevant Bondholder is a Treaty Bondholder and the Issuer is able to demonstrate that the payment could have been made to the Bondholder without the Tax Deduction had that Bondholder complied with its obligations under paragraph (vii) or (viii) (as applicable) below.
- (v) If the Issuer or any Obligor or any Paying Agent acting on its behalf is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Issuer shall deliver to the relevant Bondholders a statement under section 975 of the ITA or other evidence reasonably satisfactory to those Bondholders that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (vii)
 - (A) Subject to paragraph (B) below, a Treaty Bondholder and the Issuer shall cooperate in completing any procedural formalities necessary for the Issuer or any Obligor or any Paying Agent acting on its behalf to obtain authorisation to make that payment without a Tax Deduction.

(B)

- (a) A Treaty Bondholder which is issued the Bonds directly by the Issuer, that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing to the Issuer within 10 Business Days of issue of the Bonds; and
- (b) a New Bondholder that is a Treaty Bondholder that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing directly to the Issuer within 10 Business Days of transfer of the Bonds,

and, having done so, that Bondholder shall be under no obligation pursuant to paragraph (A) above.

(C) Each Bondholder that includes the confirmation described in paragraph (B)(a) above or the confirmation described in paragraph (B)(b) above thereby notifies the Issuer that, to the extent that the HMRC DT Treaty Passport scheme is to apply in respect of that Bondholder's holding of the Bonds, the Issuer must file a Borrower DTTP Filing.

(viii) If a Bondholder has confirmed its DTTP reference number and its jurisdiction of tax residence in accordance with paragraph (vii)(B) above and:

- (A) the Issuer has not made a Borrower DTTP Filing in respect of that Bondholder; or
- (B) the Issuer has made a Borrower DTTP Filing in respect of that Bondholder but:
 - (a) that Borrower DTTP Filing has been rejected by H.M. Revenue & Customs; or
 - (b) H.M. Revenue & Customs has not given the Issuer authority to make payments to that Bondholder without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Issuer has notified that Bondholder in writing, that Bondholder and the Issuer shall co-operate in completing any additional procedural formalities necessary for the Issuer to obtain authorisation to make that payment without a Tax Deduction.

(ix) The Issuer shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the relevant Bondholder.

(x) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and who is issued the Bonds directly by the Issuer gives a Tax Confirmation to the Issuer by subscribing for the Bonds.

(xi) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder shall promptly notify the Issuer if there is any change in the position from that set out in the Tax Confirmation.

(c) *Tax Credit*

If the Issuer makes a Tax Payment and the relevant Bondholder determines that:

- (i) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (ii) that Bondholder has obtained and utilised that Tax Credit,

the Bondholder shall pay an amount to the Issuer which that Bondholder determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Issuer.

(d) *Bondholder status confirmation*

Each Bondholder which becomes a Bondholder after 1 August 2012 shall indicate, in the documentation submitted to the Registrar on registration of the transfer of the Bonds, which of the following categories it falls in:

- (i) not a Qualifying Bondholder;
- (ii) a Qualifying Bondholder (other than a Treaty Bondholder); or
- (iii) a Treaty Bondholder.

If a New Bondholder fails to indicate its status in accordance with this Condition 11(d) then such New Bondholder shall be treated for the purposes of these Conditions (including by the Issuer) as if it is not a Qualifying Bondholder until such time as it notifies the Issuer which category applies.

11.2 From and including the date on which the Bonds are listed

This Condition 11.2 applies from and including the date on which the Bonds are listed.

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by the Issuer and the other Obligor or by any Paying Agent, the Registrar, the Bond Trustee or the Security Trustee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, any other Obligor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom or, in the case of payments made by AWS Overseas Holdings, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Definitive IAI Registered Bond representing such Bond for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Definitive IAI Registered Bond representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

“**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or (in the case of payment by AWS Overseas Holdings) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.”.

**FINAL TERMS OF THE GBP50,000,000 2.05 PER CENT. CLASS A SENIOR
UNWRAPPED GUARANTEED REGISTERED RPI-LINKED BONDS DUE FEBRUARY
2033**

Final Terms dated 30 July 2012

ANGLIAN WATER SERVICES FINANCING PLC

Issue of GBP50,000,000 2.05 per cent. Class A senior unwrapped guaranteed registered RPI-Linked Bonds due February 2033 (the “Bonds”) unconditionally and irrevocably guaranteed by, *inter alios*, ANGLIAN WATER SERVICES LIMITED under the €10,000,000,000 Global Secured Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 October 2011, the supplementary prospectus dated 5 December 2011, the supplementary prospectus dated 7 March 2012 and the supplementary prospectus dated 1 June 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer, the Obligors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ and www.anglianwater.co.uk and copies may be obtained from Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by MBIA UK Insurance Limited or by any other financial institution.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES AND TO U.S. PERSONS THAT ARE “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7)) UNDER THE SECURITIES ACT THAT ARE INSTITUTIONS (“INSTITUTIONAL ACCREDITED INVESTORS”), THAT EXECUTE AND DELIVER AN INVESTMENT LETTER, IN TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING IN THE UNITED STATES. FOR A DESCRIPTION OF RESTRICTIONS ON TRANSFERS OF THE BONDS AND DISTRIBUTION OF THESE FINAL TERMS AND THE REMAINDER OF THE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS” CONTAINED IN THE PROSPECTUS.

1

(i) Issuer: Anglian Water Services Financing Plc

2	(ii) Obligors:	Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services Overseas Holdings Limited
	(i) Series Number:	41
	(ii) Tranche Number:	1
	(iii) Nature of Bonds:	USPP Bonds
3	Specified Currency or Currencies:	Pounds sterling (“GBP”)
4	Aggregate Nominal Amount of Bonds:	Series: GBP50,000,000 Tranche: GBP50,000,000
5	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(i) Net Proceeds:	Not Applicable
6	Specified Denominations:	GBP100,000 plus integral multiples of GBP10,000 thereafter.
7	Issue Date:	1 August 2012
8	Interest Commencement Date:	1 August 2012
9	Maturity Date:	1 February 2033
10	Interest Basis:	Fixed Rate Indexation Bond
11	Redemption/Payment Basis:	Redemption at par subject to indexation as provided in Condition 9
12	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
13	Call Options:	Not Applicable
14	(i) Status of the Bonds:	The Class A Wrapped Bonds and the Class A Unwrapped Bonds will rank <i>pari passu</i> among each other in terms of interest and principal payments and rank in priority to the Class B Wrapped Bonds and the Class B Unwrapped Bonds. The USPP Bonds will constitute Class A Bonds.
	(ii) Status of the Guarantees:	Senior
	(iii) Date Board approval for issuance of Bonds obtained:	27 July 2012
15	Listing:	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date. See paragraph 5 of the Annex hereto.
16	Method of Distribution:	Non-syndicated
	PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE	
17	Fixed Rate Bond Provisions:	Applicable

	(i)	Rate(s) of Interest:	2.05 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	1 February and 1 August in each year, commencing 1 February 2013, up to and including the Maturity Date
	(iii)	Fixed Coupon Amount(s):	GBP10.25 per GBP1,000 nominal amount of the Bonds, subject to indexation in accordance with Condition 9
	(iv)	Broken Amount(s):	None
	(v)	Day Count Fraction:	Actual/Actual (ICMA)
	(vi)	Determination Dates:	1 February and 1 August in each year
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Bonds:	Each payment of interest will be adjusted for indexation in accordance with Condition 9 (as amended pursuant to the Annex hereto)
18		Floating Rate Bond Provisions:	Not Applicable
19		Zero Coupon Bond Provisions:	Not Applicable
20		Index Linked Interest/Redemption Bond Provisions:	Not Applicable
21		Indexation Bond Provisions:	Applicable
	(i)	Base Index Figure:	242.4
	(ii)	Any other terms relating to indexation, if different from those set out in the Conditions:	See the Annex hereto
	(iii)	Reference Gilt:	1.250 per cent. UK Treasury Index Linked Stock due 2032 (or if such stock is not available such other index-linked stock issued by or on behalf of HM Government as the Issuer, on the advice of three brokers and/or gilt-edged market makers (or such other three persons operating in the gilt-edged market as the Issuer, after consultation with the Bond Trustee, may select), may consider to be the most appropriate reference government stock for the Bonds).
22		Dual Currency Bond Provisions:	Not Applicable
PROVISIONS RELATING TO REDEMPTION			
23		Issuer Call:	Not Applicable
24		Final Redemption Amount of each Bond:	Par subject to indexation as provided for in Condition 9
25		Early Redemption Amount of each Bond payable on redemption for	Par subject to indexation as provided for in Condition 9

taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 10(e)):

GENERAL PROVISIONS APPLICABLE TO THE BONDS

26	Form of Bonds:	
	(i) New Global Note:	No
	(ii) Registered Bonds:	Yes
		Definitive IAI Registered Bonds (minimum denominations of GBP100,000 and integral multiples of GBP10,000 thereafter)
27	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
28	Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature):	Not Applicable
29	Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment:	Not Applicable
30	Details relating to Instalment Bonds:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
31	Redenomination applicable:	Redenomination applicable (as amended pursuant to paragraph 4 in the Annex hereto)
32	Other final terms:	See Annex hereto

DISTRIBUTION

33	If syndicated, names of Managers:	Not Applicable
	(i) Stabilising Manager (if any):	Not Applicable
34	If non-syndicated, name of relevant Dealer:	Not Applicable
35	Additional selling restrictions:	Not Applicable

Responsibility

Each of the Obligors accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Holdings Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Overseas Holdings Limited:

.....

By:

Duly authorised

Part B – OTHER INFORMATION

1 Listing

Listing	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date.
(i) Admission to trading:	None on the Issue Date. The Issuer intends to apply for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority following the Issue Date.
(ii) Estimate of total expenses related to admission to trading:	Not Applicable

2 Ratings

Ratings:	The Bonds to be issued have been rated: S&P: A- Moody's: A3 Fitch: A Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension or withdrawal at any time.
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3 Notification

Not Applicable

4 Reasons for the offer, estimated net proceeds and total expenses

Reasons for the offer:	Not Applicable
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5 Yield

Indication of yield:	2.05 per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
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6 Performance of Index/Formula/Other Variable and other Information Concerning the Underlying

Information on the RPI (for all items) published by the Office for National Statistics can be found on Bloomberg Page UKRPI

7 Performance of Rates of Exchange

Not Applicable

8 Operational Information

Intended to be held in a manner which would allow Eurosystem eligibility:	No
ISIN:	GB00B6R38W19
CUSIP:	Not Applicable
PPN:	G0369@ AN6
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

9 General

Applicable TEFRA exemption:	Not Applicable
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ANNEX

1 Indexation

Condition 9 (Indexation) shall be amended as follows:

- (a) the definition of “Index” or “Index Figure” in Condition 9(a) shall be deleted and replaced with the following:

“**Index**” or “**Index Figure**” means, subject as provided in paragraph (c) below, RPI (for all items) published by the Office for National Statistics (January 1987 = 100) (currently contained in the Monthly Digest of Statistics), or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Any reference to the “Index Figure applicable” to a particular month shall, subject as provided in paragraph (c) below, be calculated in accordance with the following formula:

$$IFA = RPI_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (RPI_{m-2} - RPI_{m-3})$$

“**Calculation Date**” means any Interest Payment Date, the Maturity Date or any other date on which principal falls due;

“**IFA**” means the Index Figure applicable;

“**RPI_{m-3}**” means the Index Figure for the first day of the month that is three months prior to the month in which an Interest Payment Date occurs;

“**RPI_{m-2}**” means the Index Figure for the first day of the month that is two months prior to the month in which an Interest Payment Date occurs;”;

- (b) the reference to “four decimal places (0.00005 being rounded upwards)” in Condition 9(b) shall be changed to “five decimal places (0.000005 being rounded upwards)”;
- (c) in the first paragraph of Condition 9(c)(ii), the words:

“If the Index Figure normally published in the seventh month, and relating to the eighth month (the “relevant month”), before the month in which a payment is due to be made is not published on or before the fourteenth Business Day before the date (the “date for payment”) on which such payment is due”

shall be deleted and replaced with the following:

“If the Index Figure normally published in any month relevant for determining the Index Figure (the “relevant month”), is not published on or before the fourteenth Business Day before the date (the “date for payment”) on which a payment is due”;

and

- (d) the reference to “Bank of England” in Condition 9(c)(ii)(A) shall be deleted and replaced with “the United Kingdom Debt Management Office”.

2 Early Redemption for Index Reasons

Condition 10(b) (Redemption and Purchase – Early Redemption for Index Reasons) shall be deleted and replaced with the following:

“(b) Early Redemption for Index Reasons

If, in the case of Indexation Bonds, the Index Figure fails to be determined for three consecutive months other than on the basis provided in Condition 9(c)(ii) and the Bond Trustee has been notified by the Principal Paying Agent that publication of the Index has ceased and no amendment or substitution of the Index shall have been advised by the Indexation Adviser to the Issuer, the Issuer may, on any Interest Payment Date upon which the circumstances described above are continuing, having given not more than 60 nor less than 30 days’ notice to the Bond Trustee, the Security Trustee, the Majority Creditors and the holders of the Indexation Bonds in accordance with Condition 18 (which notice shall be irrevocable) redeem all, but not some only, of the Indexation Bonds at their Early Redemption Amount, together with interest accrued up to and including the date of redemption.”

3 Redemption for tax reasons

Condition 10(c) (Redemption and Purchase – Redemption for tax reasons) shall be amended by the deletion of the words “then the Issuer may, in order to avoid the relevant deduction or withholding,” in the first sentence of the first paragraph thereof and the replacement therefor with the words “then the Issuer will, in order to avoid the relevant deduction or withholding.”.

4 Redenomination

Condition 6 (Redenomination) shall be amended as follows:

- (a) by the insertion of the following Condition 6(a)(viii):

“such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent and the Bond Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.”; and

- (b) by the deletion of the word “and” at the end of Condition 6(a)(vi) and the insertion of “; and” at the end of Condition 6(a)(vii).

5 Listing

The Issuer and AWS intend to list the Bonds prior to the first Interest Payment Date of the Bonds.

6 Taxation

Condition 11 (*Taxation*) shall be deleted and replaced with the following:

“11 Tax gross up and indemnities

11.1 From the Issue Date to but excluding the date on which the Bonds are listed

This Condition 11.1 applies from the Issue Date to but excluding the date (if any) on which the Bonds are listed (and, for the avoidance of doubt, if the Bonds are never listed, this Condition 11.1 shall apply at all times).

- (a) *Definitions*

In this Condition 11:

“**Borrower DTTP Filing**” means an H.M. Revenue & Customs’ Form DTTP2 duly completed and filed by the Issuer, which:

- (A)

- (i) where it relates to a Treaty Bondholder that is an Original Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified to the Issuer in writing within 10 Business Days of issue of the Bonds; or
 - (ii) where it relates to a Treaty Bondholder that is a New Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified in respect of that Bondholder to the Issuer in writing within 10 Business Days of transfer of the Bonds to such Bondholder, and
- (B) is filed with H.M. Revenue & Customs within 30 days of the Issue Date or, as applicable, that transfer date.

“**CTA**” means the Corporation Tax Act 2009.

“**ITA**” means the Income Tax Act 2007.

“**New Bondholder**” means any Bondholder other than an Original Bondholder.

“**Original Bondholder**” means a Bondholder who is issued the Bonds directly by the Issuer.

“**Qualifying Bondholder**” means a Bondholder which is beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds and is:

- (A) a Bondholder which is:
 - (i) a company resident in the United Kingdom for United Kingdom tax purposes;
 - (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
 - (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or
- (B) a Treaty Bondholder.

“**Tax Confirmation**” means a confirmation by a Bondholder that the person beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under the Bonds.

“**Tax Payment**” means the increase in a payment made by the Issuer or any Obligor or any Paying Agent acting on its behalf to a Bondholder under Condition 11(b) (*Tax gross-up*).

“**Treaty Bondholder**” means a Bondholder which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Bondholder’s participation in the Bonds is effectively connected; and
- (iii) is capable of fulfilling any conditions which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain exemption from United Kingdom taxation on interest.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Unless a contrary indication appears, in this Condition 11 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

(b) *Tax gross-up*

- (i) The Issuer or, as the case may be, any other Obligor and any Paying Agent acting on behalf of any such entity, shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (ii) The Issuer shall promptly upon becoming aware that it or any Obligor or any Paying Agent acting on its behalf must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Bondholders accordingly. Similarly, a Bondholder shall notify the Issuer on becoming so aware in respect of a payment payable to that Bondholder. In addition, a Bondholder shall promptly notify the Issuer if it ceases to be a Qualifying Bondholder, including (for the avoidance of doubt) where it has ceased to be beneficially entitled to interest payable on the Bonds as a result of a transfer of its legal or beneficial interest in the Bonds.
- (iii) If a Tax Deduction is required by law to be made by the Issuer or any Obligor or any Paying Agent acting on its behalf, the amount of the payment due from the Issuer or any Obligor or any Paying Agent acting on its behalf shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (iv) A payment shall not be increased under paragraph (iii) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:

- (A) the payment could have been made to the relevant Bondholder without a Tax Deduction if the Bondholder had been a Qualifying Bondholder, but on that date that Bondholder is not or has ceased to be a Qualifying Bondholder other than as a result of any change after the date it became a Bondholder in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
- (B) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - (a) an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Bondholder has received from the Issuer a certified copy of that Direction; and
 - (b) the payment could have been made to the Bondholder without any Tax Deduction if that Direction had not been made; or
- (C) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - (a) the relevant Bondholder has not given a Tax Confirmation to the Issuer; and
 - (b) the payment could have been made to the Bondholder without any Tax Deduction if the Bondholder had given a Tax Confirmation to the Issuer, on the basis that the Tax Confirmation would have enabled the Issuer to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
- (D) the relevant Bondholder is a Treaty Bondholder and the Issuer is able to demonstrate that the payment could have been made to the Bondholder without the Tax Deduction had that Bondholder complied with its obligations under paragraph (vii) or (viii) (as applicable) below.
- (v) If the Issuer or any Obligor or any Paying Agent acting on its behalf is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Issuer shall deliver to the relevant Bondholders a statement under section 975 of the ITA or other evidence reasonably satisfactory to those Bondholders that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (vii)
 - (A) Subject to paragraph (B) below, a Treaty Bondholder and the Issuer shall co-operate in completing any procedural formalities necessary for the Issuer or any Obligor or any Paying Agent acting on its behalf to obtain authorisation to make that payment without a Tax Deduction.
 - (B)
 - (a) A Treaty Bondholder which is issued the Bonds directly by the Issuer, that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTP reference number and its

jurisdiction of tax residence in writing to the Issuer within 10 Business Days of issue of the Bonds; and

- (b) a New Bondholder that is a Treaty Bondholder that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing directly to the Issuer within 10 Business Days of transfer of the Bonds,

and, having done so, that Bondholder shall be under no obligation pursuant to paragraph (A) above.

- (C) Each Bondholder that includes the confirmation described in paragraph (B)(a) above or the confirmation described in paragraph (B)(b) above thereby notifies the Issuer that, to the extent that the HMRC DT Treaty Passport scheme is to apply in respect of that Bondholder's holding of the Bonds, the Issuer must file a Borrower DTTP Filing.

(viii) If a Bondholder has confirmed its DTTP reference number and its jurisdiction of tax residence in accordance with paragraph (vii)(B) above and:

- (A) the Issuer has not made a Borrower DTTP Filing in respect of that Bondholder; or
- (B) the Issuer has made a Borrower DTTP Filing in respect of that Bondholder but:
 - (a) that Borrower DTTP Filing has been rejected by H.M. Revenue & Customs; or
 - (b) H.M. Revenue & Customs has not given the Issuer authority to make payments to that Bondholder without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Issuer has notified that Bondholder in writing, that Bondholder and the Issuer shall co-operate in completing any additional procedural formalities necessary for the Issuer to obtain authorisation to make that payment without a Tax Deduction.

- (ix) The Issuer shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the relevant Bondholder.
- (x) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and who is issued the Bonds directly by the Issuer gives a Tax Confirmation to the Issuer by subscribing for the Bonds.
- (xi) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder shall promptly notify the Issuer if there is any change in the position from that set out in the Tax Confirmation.

(c) *Tax Credit*

If the Issuer makes a Tax Payment and the relevant Bondholder determines that:

- (i) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (ii) that Bondholder has obtained and utilised that Tax Credit,

the Bondholder shall pay an amount to the Issuer which that Bondholder determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Issuer.

(d) *Bondholder status confirmation*

Each Bondholder which becomes a Bondholder after 1 August 2012 shall indicate, in the documentation submitted to the Registrar on registration of the transfer of the Bonds, which of the following categories it falls in:

- (i) not a Qualifying Bondholder;
- (ii) a Qualifying Bondholder (other than a Treaty Bondholder); or
- (iii) a Treaty Bondholder.

If a New Bondholder fails to indicate its status in accordance with this Condition 11(d) then such New Bondholder shall be treated for the purposes of these Conditions (including by the Issuer) as if it is not a Qualifying Bondholder until such time as it notifies the Issuer which category applies.

11.2 From and including the date on which the Bonds are listed

This Condition 11.2 applies from and including the date on which the Bonds are listed.

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by the Issuer and the other Obligors or by any Paying Agent, the Registrar, the Bond Trustee or the Security Trustee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, any other Obligor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom or, in the case of payments made by AWS Overseas Holdings, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Definitive IAI Registered Bond representing such Bond for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Definitive IAI Registered Bond representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

“**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or (in the case of payment by AWS Overseas Holdings) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.”.

**FINAL TERMS OF THE GBP73,332,483.10 4.394 PER CENT. CLASS A SENIOR
UNWRAPPED GUARANTEED REGISTERED BONDS DUE APRIL 2028**

Final Terms dated 30 July 2012

ANGLIAN WATER SERVICES FINANCING PLC

**Issue of GBP73,332,483.10 4.394 per cent. Class A senior unwrapped guaranteed registered
Bonds due April 2028 (the “Bonds”) unconditionally and irrevocably guaranteed by, *inter
alios*, ANGLIAN WATER SERVICES LIMITED under the €10,000,000,000 Global Secured
Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 October 2011, the supplementary prospectus dated 5 December 2011, the supplementary prospectus dated 7 March 2012 and the supplementary prospectus dated 1 June 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer, the Obligors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ and www.anglianwater.co.uk and copies may be obtained from Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by MBIA UK Insurance Limited or by any other financial institution.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND WITHIN THE UNITED STATES AND TO U.S. PERSONS THAT ARE “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7)) UNDER THE SECURITIES ACT THAT ARE INSTITUTIONS (“INSTITUTIONAL ACCREDITED INVESTORS”), THAT EXECUTE AND DELIVER AN IAI INVESTMENT LETTER, IN TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING IN THE UNITED STATES. FOR A DESCRIPTION OF RESTRICTIONS ON TRANSFERS OF THE BONDS AND DISTRIBUTION OF THESE FINAL TERMS AND THE REMAINDER OF THE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS” CONTAINED IN THE PROSPECTUS.

1		
	(i) Issuer:	Anglian Water Services Financing Plc
	(ii) Obligors:	Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services Overseas Holdings Limited
2		
	(i) Series Number:	40
	(ii) Tranche Number:	1
	(iii) Nature of Bonds:	USPP Bonds
3	Specified Currency or Currencies:	Pounds sterling (“ GBP ”)
4	Aggregate Nominal Amount of Bonds:	Series: GBP73,332,483.10 Tranche: GBP73,332,483.10
5	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(i) Net Proceeds:	Not Applicable
6	Specified Denominations:	GBP100,000 plus integral multiples of GBP0.01 thereafter
7	Issue Date:	1 August 2012
8	Interest Commencement Date:	1 October 2012
9	Maturity Date:	1 April 2028
10	Interest Basis:	Fixed Rate Bond
11	Redemption/Payment Basis:	Redemption at par plus Make-Whole Amount, if applicable
12	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
13	Call Options:	Issuer Call
14	(i) Status of the Bonds:	The Class A Wrapped Bonds and the Class A Unwrapped Bonds will rank <i>pari passu</i> among each other in terms of interest and principal payments and rank in priority to the Class B Wrapped Bonds and the Class B Unwrapped Bonds. The USPP Bonds will constitute Class A Bonds.
	(ii) Status of the Guarantees:	Senior
	(iii) Date Board approval for issuance of Bonds obtained:	27 July 2012
15	Listing:	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date. See paragraph 5 of the Annex hereto.
16	Method of Distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17 Fixed Rate Bond Provisions:	Applicable
(i) Rate(s) of Interest:	4.394 per cent. per annum payable semi-annually in arrear
(ii) Interest Payment Date(s):	1 April and 1 October in each year, commencing 1 April 2013, up to and including the Maturity Date, adjusted in accordance with the Following Business Day Convention
(iii) Fixed Coupon Amount(s):	GBP21.97 per GBP1,000 nominal amount of the Bonds
(iv) Broken Amount(s):	None
(v) Day Count Fraction:	Actual/365
(vi) Determination Dates:	Not Applicable
(vii) Other terms relating to the method of calculating interest for Fixed Rate Bonds:	None
18 Floating Rate Bond Provisions:	Not Applicable
19 Zero Coupon Bond Provisions:	Not Applicable
20 Index Linked Interest/Redemption Bond Provisions:	Not Applicable
21 Indexation Bond Provisions:	Not Applicable
22 Dual Currency Bond Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23 Issuer Call:	Applicable
(i) Optional Redemption Date(s):	The date specified in any notice delivered by the Issuer pursuant to Condition 10(d) (<i>Redemption at the option of the Issuer (Issuer Call)</i>)
(ii) Optional Redemption Amount of each Bond and method, if any, of calculation of such amount(s):	Outstanding nominal amount that is to be redeemed pursuant to Condition 10(d) plus the Make-Whole Amount, if any, and, if applicable, as adjusted pursuant to Condition 10(k) (<i>U.S. Private Placement Holders</i>) (as set out in paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto). In the case of a partial redemption of the Bonds, the principal amount of the Bonds to be redeemed shall be allocated amongst all the Bonds at the time outstanding in proportion, as nearly as practicable, to the respective outstanding nominal amounts thereof which have not previously been redeemed and for the purposes of the Bonds the second paragraph of Condition 10(d) will not apply
(i) If redeemable in part:	

(a)	Minimum Redemption Amount:	10 per cent. of the outstanding nominal amount of the Bonds
(b)	Maximum Redemption Amount:	Not Applicable
(ii)	Notice period (if other than as set out in the Conditions):	Not Applicable
24	Final Redemption Amount of each Bond:	Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (<i>U.S. Private Placement Holders</i>) (as set out in paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto), if applicable.
25	Additional provisions relating to Make-Whole Amount Calculations:	See paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto.
26	Early Redemption Amount of each Bond payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 10(e)):	Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (<i>U.S. Private Placement Holders</i>) (as set out in paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>) of the Annex hereto), if applicable.

GENERAL PROVISIONS APPLICABLE TO THE BONDS

27	Form of Bonds:	
(i)	New Global Note:	No
(ii)	Registered Bonds:	Yes Definitive IAI Registered Bonds (<i>minimum denominations of GBP100,000 and integral multiples of GBP0.01 thereafter</i>).
28	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
29	Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature):	Not Applicable
30	Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment:	Not Applicable
31	Details relating to Instalment Bonds:	
(i)	Instalment Amount(s):	Not Applicable
(ii)	Instalment Date(s):	Not Applicable
32	Redenomination applicable:	Not Applicable
33	Other final terms:	See Annex hereto

DISTRIBUTION

34	If syndicated, names of Managers:	Not Applicable
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- | | | |
|-----|---|--|
| (i) | Stabilising Manager (if any): | Not Applicable |
| 35 | If non-syndicated, name of relevant Dealer: | Not Applicable |
| 36 | Additional selling restrictions: | US private placement restrictions as set out in the IAI Investment Letter(s) |

Responsibility

Each of the Obligors accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

.....

By:
Duly authorised

Signed on behalf of Anglian Water Services Limited:

.....

By:
Duly authorised

Signed on behalf of Anglian Water Services Holdings Limited:

.....

By:
Duly authorised

Signed on behalf of Anglian Water Services Overseas Holdings Limited:

.....

By:
Duly authorised

Part B – OTHER INFORMATION

1 Listing

- Listing None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date.
- (i) Admission to trading: None on the Issue Date. The Issuer intends to apply for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority following the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: Not Applicable

2 Ratings

- Ratings: The Bonds to be issued have been rated:
- S&P: A-
- Moody's: A3
- Fitch: A
- Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009.
- A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension or withdrawal at any time

3 Notification

Not Applicable

4 Reasons for the offer, estimated net proceeds and total expenses

Reasons for the offer: Not Applicable

5 Yield

Indication of yield: 4.394 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Performance of Index/Formula/Other Variable and other Information Concerning the Underlying

Not Applicable

7 Performance of Rates of Exchange

Not Applicable

8 Operational Information

Intended to be held in a manner which would allow Eurosystem eligibility: No

ISIN: GB00B815LC89

CUSIP: Not Applicable

PPN: G0369@AM8

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): Not Applicable

Delivery: See Annex hereto

Names and addresses of additional Paying Agent(s) (if any): None

9 General

Applicable TEFRA exemption: Not Applicable

ANNEX

1 Taxation

Condition 11 (*Taxation*) shall be deleted and replaced with the following:

“11 Tax gross up and indemnities

11.1 From the Issue Date to but excluding the date on which the Bonds are listed

This Condition 11.1 applies from the Issue Date to but excluding the date (if any) on which the Bonds are listed (and, for the avoidance of doubt, if the Bonds are never listed, this Condition 11.1 shall apply at all times).

(a) *Definitions*

In this Condition 11:

“**Borrower DTTP Filing**” means an H.M. Revenue & Customs’ Form DTTP2 duly completed and filed by the Issuer, which:

(A)

- (i) where it relates to a Treaty Bondholder that is an Original Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified to the Issuer in writing within 10 Business Days of issue of the Bonds; or
- (ii) where it relates to a Treaty Bondholder that is a New Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified in respect of that Bondholder to the Issuer in writing within 10 Business Days of transfer of the Bonds to such Bondholder, and

- (B) is filed with H.M. Revenue & Customs within 30 days of the Issue Date or, as applicable, that transfer date.

“**CTA**” means the Corporation Tax Act 2009.

“**ITA**” means the Income Tax Act 2007.

“**New Bondholder**” means any Bondholder other than an Original Bondholder.

“**Original Bondholder**” means a Bondholder who is issued the Bonds directly by the Issuer.

“**Qualifying Bondholder**” means a Bondholder which is beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds and is:

(A) a Bondholder which is:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes;
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of

the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or

(B) a Treaty Bondholder.

“**Tax Confirmation**” means a confirmation by a Bondholder that the person beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under the Bonds.

“**Tax Payment**” means the increase in a payment made by the Issuer or any Obligor or any Paying Agent acting on its behalf to a Bondholder under Condition 11(b) (*Tax gross-up*).

“**Treaty Bondholder**” means a Bondholder which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Bondholder’s participation in the Bonds is effectively connected; and
- (iii) is capable of fulfilling any conditions which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain exemption from United Kingdom taxation on interest.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Unless a contrary indication appears, in this Condition 11 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

- (b) *Tax gross-up*
- (i) The Issuer or, as the case may be, any other Obligor and any Paying Agent acting on behalf of any such entity, shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
 - (ii) The Issuer shall promptly upon becoming aware that it or any Obligor or any Paying Agent acting on its behalf must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Bondholders accordingly. Similarly, a Bondholder shall notify the Issuer on becoming so aware in respect of a payment payable to that Bondholder. In addition, a Bondholder shall promptly notify the Issuer if it ceases to be a Qualifying Bondholder, including (for the avoidance of doubt) where it has ceased to be beneficially entitled to interest payable on the Bonds as a result of a transfer of its legal or beneficial interest in the Bonds.
 - (iii) If a Tax Deduction is required by law to be made by the Issuer or any Obligor or any Paying Agent acting on its behalf, the amount of the payment due from the Issuer or any Obligor or any Paying Agent acting on its behalf shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
 - (iv) A payment shall not be increased under paragraph (iii) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (A) the payment could have been made to the relevant Bondholder without a Tax Deduction if the Bondholder had been a Qualifying Bondholder, but on that date that Bondholder is not or has ceased to be a Qualifying Bondholder other than as a result of any change after the date it became a Bondholder in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
 - (B) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Bondholder has received from the Issuer a certified copy of that Direction; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if that Direction had not been made; or
 - (C) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I the relevant Bondholder has not given a Tax Confirmation to the Issuer; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if the Bondholder had given a Tax Confirmation to the Issuer, on the basis that the Tax Confirmation would have enabled the Issuer to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
 - (D) the relevant Bondholder is a Treaty Bondholder and the Issuer is able to demonstrate that the payment could have been made to the Bondholder without the Tax Deduction had

that Bondholder complied with its obligations under paragraph (vii) or (viii) (as applicable) below.

- (v) If the Issuer or any Obligor or any Paying Agent acting on its behalf is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
 - (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Issuer shall deliver to the relevant Bondholders a statement under section 975 of the ITA or other evidence reasonably satisfactory to those Bondholders that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
 - (vii)
 - (A) Subject to paragraph (B) below, a Treaty Bondholder and the Issuer shall co-operate in completing any procedural formalities necessary for the Issuer or any Obligor or any Paying Agent acting on its behalf to obtain authorisation to make that payment without a Tax Deduction.
 - (B)
 - I A Treaty Bondholder which is issued the Bonds directly by the Issuer, that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing to the Issuer within 10 Business Days of issue of the Bonds; and
 - II a New Bondholder that is a Treaty Bondholder that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing directly to the Issuer within 10 Business Days of transfer of the Bonds,
- and, having done so, that Bondholder shall be under no obligation pursuant to paragraph (A) above.
- (C) Each Bondholder that includes the confirmation described in paragraph (B)(I) above or the confirmation described in paragraph (B)(II) above thereby notifies the Issuer that, to the extent that the HMRC DT Treaty Passport scheme is to apply in respect of that Bondholder's holding of the Bonds, the Issuer must file a Borrower DTTP Filing.
- (viii) If a Bondholder has confirmed its DTTP reference number and its jurisdiction of tax residence in accordance with paragraph (vii)(B) above and:
 - (A) the Issuer has not made a Borrower DTTP Filing in respect of that Bondholder; or
 - (B) the Issuer has made a Borrower DTTP Filing in respect of that Bondholder but:
 - I that Borrower DTTP Filing has been rejected by H.M. Revenue & Customs; or
 - II H.M. Revenue & Customs has not given the Issuer authority to make payments to that Bondholder without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Issuer has notified that Bondholder in writing, that Bondholder and the Issuer shall co-operate in completing any additional procedural formalities necessary for the Issuer to obtain authorisation to make that payment without a Tax Deduction.

- (ix) The Issuer shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the relevant Bondholder.
- (x) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and who is issued the Bonds directly by the Issuer gives a Tax Confirmation to the Issuer by subscribing for the Bonds.
- (xi) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder shall promptly notify the Issuer if there is any change in the position from that set out in the Tax Confirmation.

(c) *Tax Credit*

If the Issuer makes a Tax Payment and the relevant Bondholder determines that:

- (i) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (ii) that Bondholder has obtained and utilised that Tax Credit,

the Bondholder shall pay an amount to the Issuer which that Bondholder determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Issuer.

(d) *Bondholder status confirmation*

Each Bondholder which becomes a Bondholder after 1 August 2012 shall indicate, in the documentation submitted to the Registrar on registration of the transfer of the Bonds, which of the following categories it falls in:

- (i) not a Qualifying Bondholder;
- (ii) a Qualifying Bondholder (other than a Treaty Bondholder); or
- (iii) a Treaty Bondholder.

If a New Bondholder fails to indicate its status in accordance with this Condition 11(d) then such New Bondholder shall be treated for the purposes of these Conditions (including by the Issuer) as if it is not a Qualifying Bondholder until such time as it notifies the Issuer which category applies.

11.2 From and including the date on which the Bonds are listed

This Condition 11.2 applies from and including the date on which the Bonds are listed.

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by the Issuer and the other Obligors or by any Paying Agent, the Registrar, the Bond Trustee or the Security Trustee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, any other Obligor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom or, in the case of payments made by AWS Overseas Holdings, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Definitive IAI Registered Bond representing such Bond for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Definitive IAI Registered Bond representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

“**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or (in the case of payment by AWS Overseas Holdings) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.”.

2 Make-Whole Amount and Swap Breakage

Condition 10(k) (*U.S. Private Placement Holders*) shall be deleted and replaced with the following:

“(k) U.S. Private Placement Holders

- (i) *Make-Whole Amount with respect to Non-Swapped Notes*

The term “**Make-Whole Amount**” means, with respect to any Non-Swapped Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Non-Swapped Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount with respect to any Non-Swapped Note, the following terms have the following meanings:

“**Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“**Called Principal**” means, with respect to any Non-Swapped Note, the principal of such Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for Tax Reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and

payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Non-Swapped Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“**Non-Swapped Note**” means any Note other than a Swapped Note.

“**Reinvestment Yield**” means, with respect to the Called Principal of any Non-Swapped Note, the sum of (x) the Applicable Percentage plus (y) the yield to maturity implied by (i) the gross redemption yield as published in the Financial Times on the second Business Day preceding the Settlement Date for actively traded UK Treasury securities having a maturity equal to or closest to the Remaining Average Life of such Called Principal (the “**Reference Stock**”) as of such Settlement Date, or (ii) if (a) the Financial Times is not published on that day, or (b) there is a manifest error in the published figures or (c) the calculation in the Financial Times ceases to be in keeping with the Formula for the Calculation of Redemption Yields indicated by the Joint Index and Classification Committee of the Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Volume 105, Part I, 1978, Page 18 (the “**Formula**”), the gross redemption yield calculated on the basis of the arithmetic mean (to three decimal places 0.0005 rounded down) of the mid market price for the Reference Stock on a dealing basis by three authorised leading market makers in the gilt-edged market as at or about 11.00 am on the second Business Day preceding the Settlement Date according to the Formula.

“**Remaining Average Life**” means, with respect to any Called Principal, the number of years obtained by dividing (x) such Called Principal into (y) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” means, with respect to the Called Principal of any Non-Swapped Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of such Non-Swapped Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Condition 10(c) (*Redemption for Tax Reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 13(d) (*Automatic Acceleration*).

“**Settlement Date**” means, with respect to the Called Principal of any Non-Swapped Note, the date on which such Called Principal is to be prepaid pursuant Condition 10(c) (*Redemption for Tax Reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

(ii) *Make-Whole Amount with respect to Swapped Notes*

The term “**Make-Whole Amount**” means, with respect to any Swapped Note, an amount equal to the excess, if any, of the Swapped Note Discounted Value with respect to the Swapped Note Called Notional Amount related to such Swapped Note over such Swapped Note Called Notional Amount, provided that the Make-Whole Amount may not in any event be less than zero. All payments of Make-

Whole Amount in respect of any Swapped Note shall be made in U.S. Dollars. For the purposes of determining the Make-Whole Amount with respect to any Swapped Note, the following terms have the following meanings:

“**New Swap Agreement**” means any cross-currency swap agreement pursuant to which the holder of a Swapped Note is to receive payment in U.S. Dollars and which is entered into in full or partial replacement of an Original Swap Agreement as a result of such Original Swap Agreement having terminated for any reason other than a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity, provided that such cross-currency swap agreement must be in form and substance (including commercial terms) satisfactory to the Issuer. The terms of a New Swap Agreement with respect to any Swapped Note do not have to be identical to those of the Original Swap Agreement with respect to such Swapped Note.

“**Original Swap Agreement**” means, with respect to any Swapped Note, (x) a cross-currency swap agreement and annexes and schedules thereto (an “**Initial Swap Agreement**”) that is entered into on an arm’s length basis by the original purchaser of such Swapped Note (or any affiliate thereof) in connection with the issuance of the Swapped Notes and the purchase of such Swapped Note and relates to the scheduled payments by the Issuer of interest and principal on such Swapped Note, under which the holder of such Swapped Note is to receive payments from the counterparty thereunder in U.S. Dollars and which is more particularly described in the Schedule (*Initial Swap Agreement*) to the IAI Investment Letter entered into by the relevant holder of a Swapped Note, (y) any Initial Swap Agreement that has been assumed (without any waiver, amendment, deletion or replacement of any material economic term or provision thereof) by a holder of a Swapped Note in connection with a transfer of such Swapped Note and (z) any Replacement Swap Agreement; and a “**Replacement Swap Agreement**” means, with respect to any Swapped Note, a cross-currency swap agreement and annexes and schedules thereto with payment terms and provisions (other than a reduction in notional amount, if applicable) identical to those of the Initial Swap Agreement with respect to such Swapped Note that is entered into on an arm’s length basis by the holder of such Swapped Note in full or partial replacement (by amendment, modification or otherwise) of such Initial Swap Agreement (or any subsequent Replacement Swap Agreement) in a notional amount not exceeding the outstanding principal amount of such Swapped Note following a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity. Any holder of a Swapped Note that enters into, assumes or terminates an Initial Swap Agreement or Replacement Swap Agreement shall within a reasonable period of time thereafter deliver to the Issuer a description of such Initial Swap Agreement or Replacement Swap Agreement, assumption or termination related thereto.

“**Swap Agreement**” means, with respect to any Swapped Note, an Original Swap Agreement or a New Swap Agreement, as the case may be.

“**Swapped Note**” means any Bond that as of the Funding Date is subject to a Swap Agreement. A “Swapped Note” shall no longer be deemed a “Swapped Note” at such time as the related Swap Agreement ceases to be in force in respect thereof and, in the case of an Original Swap Agreement which has terminated, a New Swap Agreement is not entered into in replacement thereof.

“**Swapped Note Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“**Swapped Note Called Notional Amount**” means, with respect to any Swapped Note Called Principal of any Swapped Note, the payment in U.S. Dollars due to the holder of such Swapped Note under the terms of the Swap Agreement to which such holder is a party, attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date, provided that if such Swap Agreement is not an Initial Swap

Agreement, then the “Swapped Note Called Notional Amount” in respect of such Swapped Note shall not exceed the amount in U.S. Dollars which would have been due to the holder of such Swapped Note under the terms of the Initial Swap Agreement to which such holder was a party (or if such holder was never party to an Initial Swap Agreement, then the last Initial Swap Agreement to which the most recent predecessor in interest to such holder as a holder of such Swapped Note was a party), attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date.

“**Swapped Note Called Principal**” means, with respect to any Swapped Note, the principal of such Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“**Swapped Note Discounted Value**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Swapped Note Remaining Scheduled Swap Payments corresponding to the Swapped Note Called Notional Amount of such Swapped Note from their respective scheduled due dates to the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Swapped Note is payable) equal to the Swapped Note Reinvestment Yield with respect to such Swapped Note Called Notional Amount.

“**Swapped Note Reinvestment Yield**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note, the sum of (x) Swapped Note Applicable Percentage plus (y) the yield to maturity implied by the yields reported, as of 10.00 A.M. (New York City time) on the second Business Day preceding the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on the Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities (“**Reported**”) having a maturity equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date.

If there are no such U.S. Treasury securities Reported having a maturity equal to such Swapped Note Remaining Average Life, then such implied yield to maturity will be determined by (A) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (B) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on the run U.S. Treasury securities with the maturity closest to and greater than the Swapped Note Remaining Average Life closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “**Swapped Note Reinvestment Yield**” means, with respect to the Swapped Note Called Notional Amount of such Swapped Note, the Swapped Note Applicable Percentage over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Swapped Note Called Notional Amount, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant

maturity having a term equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Swapped Note Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Swapped Note Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

“**Swapped Note Remaining Average Life**” means, with respect to any Swapped Note Called Notional Amount, the number of years obtained by dividing (x) such Swapped Note Called Notional Amount into (y) the sum of the products obtained by multiplying (1) the principal component of each Swapped Note Remaining Scheduled Swap Payments with respect to such Swapped Note Called Notional Amount by (2) the number of years computed on the basis of a 360 day year composed of twelve 30-day months that will elapse between the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount and the scheduled due date of such Swapped Note Remaining Scheduled Payments.

“**Swapped Note Remaining Scheduled Swap Payments**” means, with respect to the Swapped Note Called Notional Amount relating to any Swapped Note, all payments due to the holder of such Swapped Note in U.S. Dollars under the terms of the Swap Agreement to which such holder is a party which correspond to all payments of the Swapped Note Called Principal of such Swapped Note corresponding to such Swapped Note Called Notional Amount and interest on such Swapped Note Called Principal (other than that portion of the payment due under such Swap Agreement corresponding to the interest accrued on the Swapped Note Called Principal to the Swapped Note Settlement Date) that would be due after the Swapped Note Settlement Date in respect of such Swapped Note Called Notional Amount if no payment of such Swapped Note Called Principal were made prior to its originally scheduled payment date, provided that if such Swapped Note Settlement Date is not a date on which interest payments are due to be made under the terms of such Swapped Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Swapped Note Settlement Date and required to be paid on such Swapped Note Settlement Date pursuant to Condition 10(c) (*Redemption for tax reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 13(d) (*Automatic Acceleration*).

“**Swapped Note Settlement Date**” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note Called Principal of any Swapped Note, the date on which such Swapped Note Called Principal is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.”

(iii) *Swap Breakage*

If any Swapped Note is (i) not funded on 1 October 2012 (other than due to a holder being unable or unwilling to fund on such date when all conditions precedent to such holder’s funding obligations having been satisfied) or (ii) prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), then (a) any resulting Net Loss in connection therewith shall be reimbursed to the holder of such Swapped Note by the Issuer in U.S. Dollars upon any such prepayment or repayment of such Swapped Note and (b) any

resulting Net Gain in connection therewith shall be deducted (i) from the Make-Whole Amount, if any, or any principal or interest to be paid to the holder of such Swapped Note by the Issuer upon any such prepayment of such Swapped Note pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or (ii) from the Make-Whole Amount, if any, to be paid to the holder of such Swapped Note by the Issuer upon any such repayment of such Swapped Note pursuant to Condition 13(d) (*Automatic Acceleration*), provided that, in either case, the Make-Whole Amount in respect of such Swapped Note may not in any event be less than zero. Each holder of a Swapped Note shall calculate reasonably and in good faith its own Net Loss or Net Gain, as the case may be, and Swap Breakage Amount in U.S. Dollars upon the prepayment or repayment of all or any portion of such Swapped Note, and such calculations as reported to the Issuer in reasonable detail shall be binding on the Issuer absent demonstrable error.

As used in this Condition 10(k) with respect to any Swapped Note that is prepaid or accelerated: “**Net Loss**” means the amount, if any, by which the Swapped Note Called Notional Amount exceeds the sum of (x) the Swapped Note Called Principal plus (or minus in the case of an amount paid) (y) the Swap Breakage Amount received (or paid) by the holder of such Swapped Note; and “**Net Gain**” means the amount, if any, by which the Swapped Note Called Notional Amount is exceeded by the sum of (x) the Swapped Note Called Principal 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 Note Called Principal shall be determined by the holder of the affected Swapped Note 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 Note 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 in on the Issuer absent demonstrable error.

As used in this Condition 10(k), “**Swap Breakage Amount**” means, with respect to the Swap Agreement associated with any Swapped Note, in determining the Net Loss or Net Gain, the amount that would be received (in which case the Swap Breakage Amount shall be positive) or paid (in which case the Swap Breakage Amount shall be negative) by the holder of such Swapped Note as if such Swap Agreement had terminated due to the occurrence of an event of default or an early termination under the ISDA 1992 Multi-Currency Cross Border Master Agreement or ISDA 2002 Master Agreement, as applicable (the “**ISDA Master Agreement**”); provided, however, that if such holder (or its predecessor in interest with respect to such Swapped Note) was, but is not at the time, a party to an Original Swap Agreement but is a party to a New Swap Agreement, then the Swap Breakage Amount shall mean the lesser of (x) the gain or loss (if any) which would have been received or incurred (by payment, through off-set or netting or otherwise) by the holder of such Swapped Note under the terms of the Original Swap Agreement (if any) in respect of such Swapped Note to which such holder (or any affiliate thereof) was a party (or if such holder was never a party to an Original Swap Agreement, then the last Original Swap Agreement to which the most recent predecessor in interest to such holder as a holder of a Swapped Note was a party) and which would have arisen as a result of the payment of the Swapped Note Called Principal on the Swapped Note Settlement Date and (y) the gain or loss (if any) actually received or incurred by the holder of such Swapped Note, in connection with the payment of such Swapped Note Called Principal on the Swapped Note Settlement Date, under the terms of the New Swap Agreement to which such holder (or any affiliate thereof) is a party. The holder of such Swapped Note will make all calculations related to the Swap Breakage Amount reasonably and in good faith and in accordance with its customary practices for calculating such amounts under the ISDA Master Agreement pursuant to which such Swap Agreement shall have been entered into and assuming for the purpose of such calculation that there are no other transactions entered into pursuant to such ISDA Master Agreement (other than such Swap Agreement).

The Swap Breakage Amount shall be payable in U.S. Dollars.”

3 Payment and delivery

3.1 On the Documentation Closing Date

The Definitive IAI Registered Bonds in respect of the Bonds (the “**Relevant Definitive IAI Registered Bonds**”) shall be delivered by, or on behalf of, the Issuer to Winston & Strawn LLP to be held in escrow for the holders of the Bonds until the Funding Date, provided that:

- (i) no holder of the Bonds or the Issuer shall have any entitlement to receive any Relevant Definitive IAI Registered Bond except in accordance with this paragraph 3; and
- (ii) Winston & Strawn LLP delivers to the Issuer, promptly upon receipt of such Relevant Definitive IAI Registered Bonds and in any event, no later than 4.00 p.m. (London time) a letter substantially in the form agreed between Winston & Strawn LLP and the Issuer, confirming, among other things, receipt by Winston & Strawn LLP of such Relevant Definitive IAI Registered Bonds.

3.2 On the Funding Date

3.2.1 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 (as notified by the Relevant Dealer to each such holder prior to the Funding Date) payment in respect of the Bonds.

3.2.2 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 GBP and in immediately available cleared funds an amount equal to the Aggregate Nominal Amount of the Bonds.

3.2.3 Promptly following receipt of the Aggregate Nominal Amount of the Bonds, the Issuer shall deliver a letter to Winston & Strawn LLP:

- (i) confirming receipt of such amount; and
- (ii) giving instructions to Winston & Strawn LLP to release the Relevant Definitive IAI Registered Bonds to the respective holders of the Bonds.

3.3 Return of Relevant Definitive IAI Registered Bonds

If the Issuer has not received the Aggregate Nominal Amount of the Bonds by 8.00 p.m. (London time), or any later time that has been agreed in writing by the parties, on the Funding Date:

3.3.1 Winston & Strawn LLP shall:

- (i) promptly deliver each Relevant Definitive IAI Registered Bond in respect of the Bonds to the Issuer; and
- (ii) promptly notify (a) the Issuer, (b) the Registrar, (c) the Bond Trustee and (d) the Security Trustee that each Relevant Definitive IAI Registered Bond has so been returned, and

3.3.2 the Issuer shall procure that the Registrar, following receipt of the notification to it by Winston & Strawn LLP in paragraph 3.3.1(ii) above, cancel each Relevant Definitive IAI Registered Bond and update the Register accordingly.

3.4 **No obligation to release and deliver the Relevant Definitive IAI Registered Bonds by Winston & Strawn LLP**

In no circumstance will Winston & Strawn LLP be obliged to release and deliver the Relevant Definitive IAI Registered Bonds to any holder of the Bonds unless each of the following conditions are met and are continuing:

- (i) the Relevant Dealer has received payment in respect of the Aggregate Nominal Amount of the Bonds from all the relevant holders of the Bonds on or before the Funding Deadline; and
- (ii) the Issuer has received an amount equal to the Aggregate Nominal Amount of the Bonds in an account in its name.

3.5 **No Liability**

No Liability and no Secured Liability shall arise on the part of the Issuer or any other Obligor or shall be owed by the Issuer or any Obligor to the holder of a Relevant Definitive IAI Registered Bond (including, without limitation, under these Final Terms or any Finance Document to which a holder of the Relevant Definitive IAI Registered Bond is a party) until the Funding Date, provided that the steps set out in paragraph 3.2 are satisfied.

3.6 **Definitions for paragraph 3**

For the purposes of this paragraph 3:

“**Aggregate Nominal Amount**” has the meaning given to it in Part A of these Final Terms;

“**Documentation Closing Date**” means 1 August 2012;

“**Funding Date**” means 1 October 2012;

“**GBP**” means the Specified Currency (as used in these Final Terms);

“**Liability**” has the meaning given to it in the Master Definitions Agreement;

“**Obligor**” has the meaning given to it in the Master Definitions Agreement;

“**Relevant Dealer**” means Barclays Bank PLC;

“**Register**” has the meaning given to it in the Master Definitions Agreement; and

“**Secured Liability**” has the meaning given to it in the Master Definitions Agreement.

4 **Amendments**

The Issuer and AWS will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of the Bonds issued under these Final Terms (the “**Relevant Bondholder**”) as consideration for or as an inducement to the entering into by any waiver or amendment of any of the terms and provisions in these Final Terms unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, rateably to each Relevant Bondholder then outstanding even if such Relevant Bondholder did not consent to such waiver or amendment.

5 **Listing**

The Issuer and AWS undertake to the holders of the Bonds that they shall use reasonable endeavours to list the Bonds prior to the first Interest Payment Date of the Bonds. Following the successful listing of the Bonds, the Issuer and AWS shall promptly notify the holders of the Bonds of such listing.

**FINAL TERMS OF THE GBP25,506,951 4.195 PER CENT CLASS B UNWRAPPED
GUARANTEED REGISTERED BONDS DUE OCTOBER 2017**

Final Terms dated 30 July 2012

ANGLIAN WATER SERVICES FINANCING PLC

Issue of GBP25,506,951 4.195 per cent. Class B unwrapped guaranteed registered Bonds due October 2017 (the “Bonds”) unconditionally and irrevocably guaranteed by, *inter alios*, ANGLIAN WATER SERVICES LIMITED under the €10,000,000,000 Global Secured Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 October 2011, the supplementary prospectus dated 5 December 2011, the supplementary prospectus dated 7 March 2012 and the supplementary prospectus dated 1 June 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer, the Obligors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ and www.anglianwater.co.uk and copies may be obtained from Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by MBIA UK Insurance Limited or by any other financial institution.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT (“REGULATIONS”). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS AND WITHIN THE UNITED STATES AND TO U.S. PERSONS THAT ARE “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT ARE INSTITUTIONS (“INSTITUTIONAL ACCREDITED INVESTORS”), THAT EXECUTE AND DELIVER AN IAI INVESTMENT LETTER, IN TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING IN THE UNITED STATES. FOR A DESCRIPTION OF RESTRICTIONS ON TRANSFERS OF THE BONDS AND DISTRIBUTION OF THESE FINAL TERMS AND THE REMAINDER OF THE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS” CONTAINED IN THE PROSPECTUS.

- | | | |
|---|----------------|--|
| 1 | (i) Issuer: | Anglian Water Services Financing Plc |
| | (ii) Obligors: | Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services |

		Overseas Holdings Limited
2	(i) Series Number:	44
	(ii) Tranche Number:	1
	(iii) Nature of Bonds:	USPP Bonds
3	Specified Currency or Currencies:	Pounds sterling (“ GBP ”)
4	Aggregate Nominal Amount of Bonds:	Series: GBP25,506,951 Tranche: GBP25,506,951
5	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(i) Net Proceeds:	Not Applicable
6	Specified Denominations:	GBP100,000 plus integral multiples of GBP0.01 thereafter
7	Issue Date:	1 August 2012
8	Interest Commencement Date:	1 October 2012
9	Maturity Date:	10 October 2017
10	Interest Basis:	Fixed Rate Bond
11	Redemption/Payment Basis:	Redemption at par plus Make-Whole Amount, if applicable
12	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
13	Call Options:	Issuer Call
14	(i) Status of the Bonds:	The Class B Wrapped Bonds and the Class B Unwrapped Bonds will rank <i>pari passu</i> among each other and are subordinated in terms of interest and principal payments to the Class A Wrapped Bonds and the Class A Unwrapped Bonds. The USPP Bonds will constitute Class B Bonds.
	(ii) Status of the Guarantees:	Senior
	(iii) Date Board approval for issuance of Bonds obtained:	27 July 2012
15	Listing:	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date. See paragraph 5 of the Annex hereto.
16	Method of Distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Bond Provisions:	Applicable
	(i) Rate(s) of Interest:	4.195 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	1 April and 1 October in each year, commencing 1 April 2013, up to and including the Maturity Date, adjusted in accordance with the Following Business Day Convention

(iii) Fixed Coupon Amount(s):	GBP20.975 per GBP1,000 nominal amount of the Bonds
(iv) Broken Amount(s):	None
(v) Day Count Fraction:	Actual/365
(vi) Determination Dates:	Not Applicable
(vii) Other terms relating to the method of calculating interest for Fixed Rate Bonds:	None
18 Floating Rate Bond Provisions:	Not Applicable
19 Zero Coupon Bond Provisions:	Not Applicable
20 Index Linked Interest/Redemption Bond Provisions:	Not Applicable
21 Indexation Bond Provisions:	Not Applicable
22 Dual Currency Bond Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23 Issuer Call:	Applicable
(i) Optional Redemption Date(s):	The date specified in any notice delivered by the Issuer pursuant to Condition 10(d) (<i>Redemption at the option of the Issuer (Issuer Call)</i>)
(ii) Optional Redemption Amount of each Bond and method, if any, of calculation of such amount(s):	Outstanding nominal amount that is to be redeemed pursuant to Condition 10(d) plus the Make-Whole Amount, if any, and, if applicable, as adjusted pursuant to Condition 10(k) (U.S. Private Placement Holders) (as set out in paragraph 2 (Make-Whole Amount and Swap Breakage) of the Annex hereto). In the case of a partial redemption of the Bonds, the principal amount of the Bonds to be redeemed shall be allocated amongst all the Bonds at the time outstanding in proportion, as nearly as practicable, to the respective outstanding nominal amounts thereof which have not previously been redeemed and for the purposes of the Bonds the second paragraph of Condition 10(d) will not apply
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	10 per cent. of the outstanding nominal amount of the Bonds
(b) Maximum Redemption Amount:	Not Applicable
(iv) Notice period (if other than as set out in the Conditions):	Not Applicable
24 Final Redemption Amount of each Bond:	Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (<i>U.S. Private Placement Holders</i>) (as set out in paragraph 2 (<i>Make-Whole Amount and Swap Breakage</i>))

- of the Annex hereto), if applicable.
- 25 Additional provisions relating to Make-Whole Amount Calculations:** See paragraph 2 (*Make-Whole Amount and Swap Breakage*) of the Annex hereto.
- 26** Early Redemption Amount of each Bond payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 10(e)): Outstanding nominal amount, plus the Make-Whole Amount, if any, as adjusted pursuant to Condition 10(k) (*U.S. Private Placement Holders*) (as set out in paragraph 2 (*Make-Whole Amount and Swap Breakage*) of the Annex hereto), if applicable.

GENERAL PROVISIONS APPLICABLE TO THE BONDS

- 27** Form of Bonds:
- (i) New Global Note: No
- (ii) Registered Bonds: Yes
- Definitive IAI Registered Bonds (*minimum denominations of GBP100,000 and integral multiples of GBP0.01 thereafter*).
- 28** Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable
- 29** Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature): Not Applicable
- 30** Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment: Not Applicable
- 31** Details relating to Instalment Bonds:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
- 32** Redenomination applicable: Not Applicable
- 33** Other final terms: See Annex hereto

DISTRIBUTION

- 34** If syndicated, names of Managers: Not Applicable
- (i) Stabilising Manager (if any): Not Applicable
- 35** If non-syndicated, name of relevant Dealer: Not Applicable
- 36** Additional selling restrictions: U.S. private placement restrictions as set out in the IAI Investment Letter(s)

Responsibility

Each of the Obligors accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Holdings Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Overseas Holdings Limited:

.....

By:

Duly authorised

Part B – OTHER INFORMATION

1 Listing

- Listing None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date.
- (i) Admission to trading: None on the Issue Date. The Issuer intends to apply for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority following the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: Not Applicable.

2 Ratings

- Ratings: The Bonds to be issued have been rated:
S&P: BBB
Moody's: Baa3
Fitch: BBB+
- Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009.
- A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension or withdrawal at any time

3 Notification

Not Applicable

4 Reasons for the offer, estimated net proceeds and total expenses

Reasons for the offer: Not Applicable

5 Yield

Indication of yield: 4.195 per cent. per annum
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Performance of Index/Formula/Other Variable and other Information Concerning the Underlying

Not Applicable

7 Performance of Rates of Exchange

Not Applicable

8 Operational Information

Intended to be held in a manner which would allow Eurosystem eligibility: No

ISIN:	GB00B80LRR44
CUSIP:	Not Applicable
PPN:	G0369@ AR7
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):	Not Applicable
Delivery:	See Annex hereto
Names and addresses of additional Paying Agent(s) (if any):	None
9 General	
Applicable TEFRA exemption:	Not Applicable

ANNEX

1 Taxation

Condition 11 (*Taxation*) shall be deleted and replaced with the following:

“11 Tax gross up and indemnities

11.1 From the Issue Date to but excluding the date on which the Bonds are listed

This Condition 11.1 applies from the Issue Date to but excluding the date (if any) on which the Bonds are listed (and, for the avoidance of doubt, if the Bonds are never listed, this Condition 11.1 shall apply at all times).

(a) *Definitions*

In this Condition 11:

“Borrower DTTP Filing” means an H.M. Revenue & Customs’ Form DTTP2 duly completed and filed by the Issuer, which:

(A)

- (i) where it relates to a Treaty Bondholder that is an Original Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified to the Issuer in writing within 10 Business Days of issue of the Bonds; or
- (ii) where it relates to a Treaty Bondholder that is a New Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified in respect of that Bondholder to the Issuer in writing within 10 Business Days of transfer of the Bonds to such Bondholder; and

- (B) is filed with H.M. Revenue & Customs within 30 days of the Issue Date or, as applicable, that transfer date.

“CTA” means the Corporation Tax Act 2009.

“ITA” means the Income Tax Act 2007.

“New Bondholder” means any Bondholder other than an Original Bondholder.

“Original Bondholder” means a Bondholder who is issued the Bonds directly by the Issuer.

“Qualifying Bondholder” means a Bondholder which is beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds and is:

(A) a Bondholder which is:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes;
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of

the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or

(B) a Treaty Bondholder.

“**Tax Confirmation**” means a confirmation by a Bondholder that the person beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under the Bonds.

“**Tax Payment**” means the increase in a payment made by the Issuer or any Obligor or any Paying Agent acting on its behalf to a Bondholder under Condition 11(b) (*Tax gross-up*).

“**Treaty Bondholder**” means a Bondholder which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Bondholder’s participation in the Bonds is effectively connected; and
- (iii) is capable of fulfilling any conditions which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain exemption from United Kingdom taxation on interest.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Unless a contrary indication appears, in this Condition 11 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

(b) *Tax gross-up*

- (i) The Issuer or, as the case may be, any other Obligor and any Paying Agent acting on behalf of any such entity, shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (ii) The Issuer shall promptly upon becoming aware that it or any Obligor or any Paying Agent acting on its behalf must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Bondholders accordingly. Similarly, a Bondholder shall notify the Issuer on becoming so aware in respect of a payment payable to that Bondholder. In addition, a Bondholder shall promptly notify the Issuer if it ceases to be a Qualifying Bondholder, including (for the avoidance of doubt) where it has ceased to be beneficially entitled to interest payable on the Bonds as a result of a transfer of its legal or beneficial interest in the Bonds.
- (iii) If a Tax Deduction is required by law to be made by the Issuer or any Obligor or any Paying Agent acting on its behalf, the amount of the payment due from the Issuer or any Obligor or any Paying Agent acting on its behalf shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (iv) A payment shall not be increased under paragraph (iii) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (A) the payment could have been made to the relevant Bondholder without a Tax Deduction if the Bondholder had been a Qualifying Bondholder, but on that date that Bondholder is not or has ceased to be a Qualifying Bondholder other than as a result of any change after the date it became a Bondholder in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
 - (B) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Bondholder has received from the Issuer a certified copy of that Direction; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if that Direction had not been made; or
 - (C) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I the relevant Bondholder has not given a Tax Confirmation to the Issuer; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if the Bondholder had given a Tax Confirmation to the Issuer, on the basis that the Tax Confirmation would have enabled the Issuer to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
 - (D) the relevant Bondholder is a Treaty Bondholder and the Issuer is able to demonstrate that the payment could have been made to the Bondholder without the Tax Deduction had

that Bondholder complied with its obligations under paragraph (vii) or (viii) (as applicable) below.

- (v) If the Issuer or any Obligor or any Paying Agent acting on its behalf is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
 - (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Issuer shall deliver to the relevant Bondholders a statement under section 975 of the ITA or other evidence reasonably satisfactory to those Bondholders that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
 - (vii)
 - (A) Subject to paragraph (B) below, a Treaty Bondholder and the Issuer shall co-operate in completing any procedural formalities necessary for the Issuer or any Obligor or any Paying Agent acting on its behalf to obtain authorisation to make that payment without a Tax Deduction.
 - (B)
 - I A Treaty Bondholder which is issued the Bonds directly by the Issuer, that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing to the Issuer within 10 Business Days of issue of the Bonds; and
 - II a New Bondholder that is a Treaty Bondholder that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing directly to the Issuer within 10 Business Days of transfer of the Bonds,
- and, having done so, that Bondholder shall be under no obligation pursuant to paragraph (A) above.
- (C) Each Bondholder that includes the confirmation described in paragraph (B)(I) above or the confirmation described in paragraph (B)(II) above thereby notifies the Issuer that, to the extent that the HMRC DT Treaty Passport scheme is to apply in respect of that Bondholder's holding of the Bonds, the Issuer must file a Borrower DTTP Filing.
- (viii) If a Bondholder has confirmed its DTTP reference number and its jurisdiction of tax residence in accordance with paragraph (vii)(B) above and:
 - (A) the Issuer has not made a Borrower DTTP Filing in respect of that Bondholder; or
 - (B) the Issuer has made a Borrower DTTP Filing in respect of that Bondholder but:
 - I that Borrower DTTP Filing has been rejected by H.M. Revenue & Customs; or
 - II H.M. Revenue & Customs has not given the Issuer authority to make payments to that Bondholder without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Issuer has notified that Bondholder in writing, that Bondholder and the Issuer shall co-operate in completing any additional procedural formalities necessary for the Issuer to obtain authorisation to make that payment without a Tax Deduction.

- (ix) The Issuer shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the relevant Bondholder.
- (x) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and who is issued the Bonds directly by the Issuer gives a Tax Confirmation to the Issuer by subscribing for the Bonds.
- (xi) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder shall promptly notify the Issuer if there is any change in the position from that set out in the Tax Confirmation.

(c) *Tax Credit*

If the Issuer makes a Tax Payment and the relevant Bondholder determines that:

- (i) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (ii) that Bondholder has obtained and utilised that Tax Credit,

the Bondholder shall pay an amount to the Issuer which that Bondholder determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Issuer.

(d) *Bondholder status confirmation*

Each Bondholder which becomes a Bondholder after 1 August 2012 shall indicate, in the documentation submitted to the Registrar on registration of the transfer of the Bonds, which of the following categories it falls in:

- (i) not a Qualifying Bondholder;
- (ii) a Qualifying Bondholder (other than a Treaty Bondholder); or
- (iii) a Treaty Bondholder.

If a New Bondholder fails to indicate its status in accordance with this Condition 11(d) then such New Bondholder shall be treated for the purposes of these Conditions (including by the Issuer) as if it is not a Qualifying Bondholder until such time as it notifies the Issuer which category applies.

11.2 From and including the date on which the Bonds are listed

This Condition 11.2 applies from and including the date on which the Bonds are listed.

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by the Issuer and the other Obligors or by any Paying Agent, the Registrar, the Bond Trustee or the Security Trustee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, any other Obligor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such

withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom or, in the case of payments made by AWS Overseas Holdings, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Definitive IAI Registered Bond representing such Bond for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Definitive IAI Registered Bond representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

“**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or (in the case of payment by AWS Overseas Holdings) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.”.

2 **Make-Whole Amount and Swap Breakage**

Condition 10(k) (*U.S. Private Placement Holders*) shall be deleted and replaced with the following:

“(k) **U.S. Private Placement Holders**

- (i) *Make-Whole Amount with respect to Non-Swapped Notes*

The term “**Make-Whole Amount**” means, with respect to any Non-Swapped Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Non-Swapped Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount with respect to any Non-Swapped Note, the following terms have the following meanings:

“**Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“**Called Principal**” means, with respect to any Non-Swapped Note, the principal of such Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for Tax Reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Non-Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Non-Swapped Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“**Non-Swapped Note**” means any Note other than a Swapped Note.

“**Reinvestment Yield**” means, with respect to the Called Principal of any Non-Swapped Note, the sum of (x) the Applicable Percentage plus (y) the yield to maturity implied by (i) the gross redemption yield as published in the *Financial Times* on the second Business Day preceding the Settlement Date for actively traded UK Treasury securities having a maturity equal to or closest to the Remaining Average Life of such Called Principal (the “**Reference Stock**”) as of such Settlement Date, or (ii) if (a) the *Financial Times* is not published on that day, or (b) there is a manifest error in the published figures or (c) the calculation in the *Financial Times* ceases to be in keeping with the Formula for the Calculation of Redemption Yields indicated by the Joint Index and Classification Committee of the Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Volume 105, Part I, 1978, Page 18 (the “**Formula**”), the gross redemption yield calculated on the basis of the arithmetic mean (to three decimal places 0.0005 rounded down) of the mid market price for the Reference Stock on a dealing basis by three authorised leading market makers in the gilt-edged market as at or about 11.00 am on the second Business Day preceding the Settlement Date according to the Formula.

“**Remaining Average Life**” means, with respect to any Called Principal, the number of years obtained by dividing (x) such Called Principal into (y) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” means, with respect to the Called Principal of any Non-Swapped Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of such Non-Swapped Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Condition 10(c) (*Redemption for Tax Reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 13(d) (*Automatic Acceleration*).

“**Settlement Date**” means, with respect to the Called Principal of any Non-Swapped Note, the date on which such Called Principal is to be prepaid pursuant Condition 10(c) (*Redemption for Tax Reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

(ii) *Make-Whole Amount with respect to Swapped Notes*

The term “**Make-Whole Amount**” means, with respect to any Swapped Note, an amount equal to the excess, if any, of the Swapped Note Discounted Value with respect to the Swapped Note Called Notional Amount related to such Swapped Note over such Swapped Note Called Notional Amount, provided that the Make-Whole Amount may not in any event be less than zero. All payments of Make-Whole Amount in respect of any Swapped Note shall be made in U.S. Dollars. For the purposes of determining the Make-Whole Amount with respect to any Swapped Note, the following terms have the following meanings:

“**New Swap Agreement**” means any cross-currency swap agreement pursuant to which the holder of a Swapped Note is to receive payment in U.S. Dollars and which is entered into in full or partial replacement of an Original Swap Agreement as a result of such Original Swap Agreement having terminated for any reason other than a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity, provided that such cross-currency swap agreement must be in form and substance (including commercial terms) satisfactory to the Issuer. The terms of a New Swap Agreement with respect to any Swapped Note do not have to be identical to those of the Original Swap Agreement with respect to such Swapped Note.

“**Original Swap Agreement**” means, with respect to any Swapped Note, (x) a cross-currency swap agreement and annexes and schedules thereto (an “**Initial Swap Agreement**”) that is entered into on an arm’s length basis by the original purchaser of such Swapped Note (or any affiliate thereof) in connection with the issuance of the Swapped Notes and the purchase of such Swapped Note and relates to the scheduled payments by the Issuer of interest and principal on such Swapped Note, under which the holder of such Swapped Note is to receive payments from the counterparty thereunder in U.S. Dollars and which is more particularly described in the Schedule (*Initial Swap Agreement*) to the IAI Investment Letter entered into by the relevant holder of a Swapped Note, (y) any Initial Swap Agreement that has been assumed (without any waiver, amendment, deletion or replacement of any material economic term or provision thereof) by a holder of a Swapped Note in connection with a transfer of such Swapped Note and (z) any Replacement Swap Agreement; and a “**Replacement Swap Agreement**” means, with respect to any Swapped Note, a cross-currency swap agreement and annexes and schedules thereto with payment terms and provisions (other than a reduction in notional amount, if applicable) identical to those of the Initial Swap Agreement with respect to such Swapped Note that is entered into on an arm’s length basis by the holder of such Swapped Note in full or partial replacement (by amendment, modification or otherwise) of such Initial Swap Agreement (or any subsequent Replacement Swap Agreement) in a notional amount not exceeding the outstanding principal amount of such Swapped Note following a non-scheduled prepayment or a repayment of such Swapped Note prior to its scheduled maturity. Any holder of a Swapped Note that enters into, assumes or terminates an Initial Swap Agreement or Replacement Swap Agreement shall within a reasonable period of time thereafter deliver to the Issuer a description of such Initial Swap Agreement or Replacement Swap Agreement, assumption or termination related thereto.

“**Swap Agreement**” means, with respect to any Swapped Note, an Original Swap Agreement or a New Swap Agreement, as the case may be.

“**Swapped Note**” means any Bond that as of the Funding Date is subject to a Swap Agreement. A “Swapped Note” shall no longer be deemed a “Swapped Note” at such time as the related Swap Agreement ceases to be in force in respect thereof and, in the case of an Original Swap Agreement which has terminated, a New Swap Agreement is not entered into in replacement thereof.

“**Swapped Note Applicable Percentage**” means 0.50 per cent. in the case of a computation of the Make-Whole Amount.

“Swapped Note Called Notional Amount” means, with respect to any Swapped Note Called Principal of any Swapped Note, the payment in U.S. Dollars due to the holder of such Swapped Note under the terms of the Swap Agreement to which such holder is a party, attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date, provided that if such Swap Agreement is not an Initial Swap Agreement, then the “Swapped Note Called Notional Amount” in respect of such Swapped Note shall not exceed the amount in U.S. Dollars which would have been due to the holder of such Swapped Note under the terms of the Initial Swap Agreement to which such holder was a party (or if such holder was never party to an Initial Swap Agreement, then the last Initial Swap Agreement to which the most recent predecessor in interest to such holder as a holder of such Swapped Note was a party), attributable to and in exchange for such Swapped Note Called Principal and assuming that such Swapped Note Called Principal is paid on its scheduled maturity date.

“Swapped Note Called Principal” means, with respect to any Swapped Note, the principal of such Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.

“Swapped Note Discounted Value” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note that is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires, the amount obtained by discounting all Swapped Note Remaining Scheduled Swap Payments corresponding to the Swapped Note Called Notional Amount of such Swapped Note from their respective scheduled due dates to the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Swapped Note is payable) equal to the Swapped Note Reinvestment Yield with respect to such Swapped Note Called Notional Amount.

“Swapped Note Reinvestment Yield” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note, the sum of (x) Swapped Note Applicable Percentage plus (y) the yield to maturity implied by the yields reported, as of 10.00 A.M. (New York City time) on the second Business Day preceding the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on the Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities (“**Reported**”) having a maturity equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date.

If there are no such U.S. Treasury securities Reported having a maturity equal to such Swapped Note Remaining Average Life, then such implied yield to maturity will be determined by (A) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (B) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on the run U.S. Treasury securities with the maturity closest to and greater than the Swapped Note Remaining Average Life closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Swapped Note Reinvestment Yield”** means, with respect to the

Swapped Note Called Notional Amount of such Swapped Note, the Swapped Note Applicable Percentage over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Swapped Note Called Notional Amount, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Swapped Note Remaining Average Life of such Swapped Note Called Notional Amount as of such Swapped Note Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Swapped Note Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Swapped Note Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Swapped Note Remaining Average Life. The Swapped Note Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Swapped Note.

“Swapped Note Remaining Average Life” means, with respect to any Swapped Note Called Notional Amount, the number of years obtained by dividing (x) such Swapped Note Called Notional Amount into (y) the sum of the products obtained by multiplying (1) the principal component of each Swapped Note Remaining Scheduled Swap Payments with respect to such Swapped Note Called Notional Amount by (2) the number of years computed on the basis of a 360 day year composed of twelve 30-day months that will elapse between the Swapped Note Settlement Date with respect to such Swapped Note Called Notional Amount and the scheduled due date of such Swapped Note Remaining Scheduled Payments.

“Swapped Note Remaining Scheduled Swap Payments” means, with respect to the Swapped Note Called Notional Amount relating to any Swapped Note, all payments due to the holder of such Swapped Note in U.S. Dollars under the terms of the Swap Agreement to which such holder is a party which correspond to all payments of the Swapped Note Called Principal of such Swapped Note corresponding to such Swapped Note Called Notional Amount and interest on such Swapped Note Called Principal (other than that portion of the payment due under such Swap Agreement corresponding to the interest accrued on the Swapped Note Called Principal to the Swapped Note Settlement Date) that would be due after the Swapped Note Settlement Date in respect of such Swapped Note Called Notional Amount if no payment of such Swapped Note Called Principal were made prior to its originally scheduled payment date, provided that if such Swapped Note Settlement Date is not a date on which interest payments are due to be made under the terms of such Swapped Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Swapped Note Settlement Date and required to be paid on such Swapped Note Settlement Date pursuant to Condition 10(c) (*Redemption for tax reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 13(d) (*Automatic Acceleration*).

“Swapped Note Settlement Date” means, with respect to the Swapped Note Called Notional Amount of any Swapped Note Called Principal of any Swapped Note, the date on which such Swapped Note Called Principal is to be prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*), Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), as the context requires.”

(iii) *Swap Breakage*

If any Swapped Note is (i) not funded on 1 October 2012 (other than due to a holder being unable or unwilling to fund on such date when all conditions precedent to such holder’s funding obligations

having been satisfied) or (ii) prepaid pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or has become or is declared to be immediately due and payable pursuant to Condition 13(d) (*Automatic Acceleration*), then (a) any resulting Net Loss in connection therewith shall be reimbursed to the holder of such Swapped Note by the Issuer in U.S. Dollars upon any such prepayment or repayment of such Swapped Note and (b) any resulting Net Gain in connection therewith shall be deducted (i) from the Make-Whole Amount, if any, or any principal or interest to be paid to the holder of such Swapped Note by the Issuer upon any such prepayment of such Swapped Note pursuant to Condition 10(c) (*Redemption for tax reasons*) or Condition 10(d) (*Redemption at the option of the Issuer (Issuer Call)*) or (ii) from the Make-Whole Amount, if any, to be paid to the holder of such Swapped Note by the Issuer upon any such repayment of such Swapped Note pursuant to Condition 13(d) (*Automatic Acceleration*), provided that, in either case, the Make-Whole Amount in respect of such Swapped Note may not in any event be less than zero. Each holder of a Swapped Note shall calculate reasonably and in good faith its own Net Loss or Net Gain, as the case may be, and Swap Breakage Amount in U.S. Dollars upon the prepayment or repayment of all or any portion of such Swapped Note, and such calculations as reported to the Issuer in reasonable detail shall be binding on the Issuer absent demonstrable error.

As used in this Condition 10(k) with respect to any Swapped Note that is prepaid or accelerated: “**Net Loss**” means the amount, if any, by which the Swapped Note Called Notional Amount exceeds the sum of (x) the Swapped Note Called Principal plus (or minus in the case of an amount paid) (y) the Swap Breakage Amount received (or paid) by the holder of such Swapped Note; and “**Net Gain**” means the amount, if any, by which the Swapped Note Called Notional Amount is exceeded by the sum of (x) the Swapped Note Called Principal 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 Note Called Principal shall be determined by the holder of the affected Swapped Note 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 Note 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 in on the Issuer absent demonstrable error.

As used in this Condition 10(k), “**Swap Breakage Amount**” means, with respect to the Swap Agreement associated with any Swapped Note, in determining the Net Loss or Net Gain, the amount that would be received (in which case the Swap Breakage Amount shall be positive) or paid (in which case the Swap Breakage Amount shall be negative) by the holder of such Swapped Note as if such Swap Agreement had terminated due to the occurrence of an event of default or an early termination under the ISDA 1992 Multi-Currency Cross Border Master Agreement or ISDA 2002 Master Agreement, as applicable (the “**ISDA Master Agreement**”); provided, however, that if such holder (or its predecessor in interest with respect to such Swapped Note) was, but is not at the time, a party to an Original Swap Agreement but is a party to a New Swap Agreement, then the Swap Breakage Amount shall mean the lesser of (x) the gain or loss (if any) which would have been received or incurred (by payment, through off-set or netting or otherwise) by the holder of such Swapped Note under the terms of the Original Swap Agreement (if any) in respect of such Swapped Note to which such holder (or any affiliate thereof) was a party (or if such holder was never a party to an Original Swap Agreement, then the last Original Swap Agreement to which the most recent predecessor in interest to such holder as a holder of a Swapped Note was a party) and which would have arisen as a result of the payment of the Swapped Note Called Principal on the Swapped Note Settlement Date and (y) the gain or loss (if any) actually received or incurred by the holder of such Swapped Note, in connection with the payment of such Swapped Note Called Principal on the Swapped Note Settlement Date, under the terms of the New Swap Agreement to which such holder (or any affiliate thereof) is a party. The holder of such

Swapped Note will make all calculations related to the Swap Breakage Amount reasonably and in good faith and in accordance with its customary practices for calculating such amounts under the ISDA Master Agreement pursuant to which such Swap Agreement shall have been entered into and assuming for the purpose of such calculation that there are no other transactions entered into pursuant to such ISDA Master Agreement (other than such Swap Agreement).

The Swap Breakage Amount shall be payable in U.S. Dollars.”

3 Payment and delivery

3.1 On the Documentation Closing Date

The Definitive IAI Registered Bonds in respect of the Bonds (the “**Relevant Definitive IAI Registered Bonds**”) shall be delivered by, or on behalf of, the Issuer to Winston & Strawn LLP to be held in escrow for the holders of the Bonds until the Funding Date, provided that:

- (i) no holder of the Bonds or the Issuer shall have any entitlement to receive any Relevant Definitive IAI Registered Bond except in accordance with this paragraph 3; and
- (ii) Winston & Strawn LLP delivers to the Issuer, promptly upon receipt of such Relevant Definitive IAI Registered Bonds and in any event, no later than 4.00 p.m. (London time) a letter substantially in the form agreed between Winston & Strawn LLP and the Issuer, confirming, among other things, receipt by Winston & Strawn LLP of such Relevant Definitive IAI Registered Bonds.

3.2 On the Funding Date

3.2.1 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 (as notified by the Relevant Dealer to each such holder prior to the Funding Date) payment in respect of the Bonds.

3.2.2 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 GBP and in immediately available cleared funds an amount equal to the Aggregate Nominal Amount of the Bonds.

3.2.3 Promptly following receipt of the Aggregate Nominal Amount of the Bonds, the Issuer shall deliver a letter to Winston & Strawn LLP:

- (i) confirming receipt of such amount; and
- (ii) giving instructions to the Winston & Strawn LLP to release the Relevant Definitive IAI Registered Bonds to the respective holders of the Bonds.

3.3 Return of Relevant Definitive IAI Registered Bonds

If the Issuer has not received the Aggregate Nominal Amount of the Bonds by 8.00 p.m. (London time), or any later time that has been agreed in writing by the parties, on the Funding Date:

3.3.1 Winston & Strawn LLP shall:

- (i) promptly deliver each Relevant Definitive IAI Registered Bond in respect of the Bonds to the Issuer; and
- (ii) promptly notify (a) the Issuer, (b) the Registrar, (c) the Bond Trustee and (d) the Security Trustee that each Relevant Definitive IAI Registered Bond has so been returned, and

3.3.2 the Issuer shall procure that the Registrar, following receipt of the notification to it by the Winston & Strawn LLP in paragraph 3.3.1(ii) above, cancel each Relevant Definitive IAI Registered Bond and update the Register accordingly.

3.4 No obligation to release and deliver the Relevant Definitive IAI Registered Bonds by Winston & Strawn LLP

In no circumstance will Winston & Strawn LLP be obliged to release and deliver the Relevant Definitive IAI Registered Bonds to any holder of the Bonds unless each of the following conditions are met and are continuing:

- (i) the Relevant Dealer has received payment in respect of the Aggregate Nominal Amount of the Bonds from all the relevant holders of the Bonds on or before the Funding Deadline; and
- (ii) the Issuer has received an amount equal to the Aggregate Nominal Amount of the Bonds in an account in its name.

3.5 No Liability

No Liability and no Secured Liability shall arise on the part of the Issuer or any other Obligor or shall be owed by the Issuer or any Obligor to the holder of a Relevant Definitive IAI Registered Bond (including, without limitation, under these Final Terms or any Finance Document to which a holder of the Relevant Definitive IAI Registered Bond is a party) until the Funding Date, provided that the steps set out in paragraph 3.2 are satisfied.

3.6 Definitions for paragraph 3

For the purposes of this paragraph 3:

“**Aggregate Nominal Amount**” has the meaning given to it in Part A of these Final Terms;

“**Documentation Closing Date**” means 1 August 2012;

“**Funding Date**” means 1 October 2012;

“**GBP**” means the Specified Currency (as used in these Final Terms);

“**Liability**” has the meaning given to it in the Master Definitions Agreement;

“**Obligor**” has the meaning given to it in the Master Definitions Agreement;

“**Relevant Dealer**” means Barclays Bank PLC;

“**Register**” has the meaning given to it in the Master Definitions Agreement; and

“**Secured Liability**” has the meaning given to it in the Master Definitions Agreement.

4 Amendments

The Issuer and AWS will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of the Bonds issued under these Final Terms (the “**Relevant Bondholder**”) as consideration for or as an inducement to the entering into by any waiver or amendment of any of the terms and provisions in these Final Terms unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, rateably to each Relevant Bondholder then outstanding even if such Relevant Bondholder did not consent to such waiver or amendment.

5 Listing

The Issuer and AWS undertake to the holders of the Bonds that they shall use reasonable endeavours to list the Bonds prior to the first Interest Payment Date of the Bonds. Following the successful listing of the Bonds, the Issuer and AWS shall promptly notify the holders of the Bonds of such listing.

**FINAL TERMS OF THE US\$47,000,000 5.000 PER CENT. CLASS B UNWRAPPED
GUARANTEED REGISTERED BONDS DUE OCTOBER 2022**

Final Terms dated 30 July 2012

ANGLIAN WATER SERVICES FINANCING PLC

Issue of U.S.\$47,000,000 5.000 per cent. Class B unwrapped guaranteed registered Bonds due October 2022 (the “Bonds”) unconditionally and irrevocably guaranteed by, *inter alios*, ANGLIAN WATER SERVICES LIMITED under the €10,000,000,000 Global Secured Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 6 October 2011, the supplementary prospectus dated 5 December 2011, the supplementary prospectus dated 7 March 2012 and the supplementary prospectus dated 1 June 2012 which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer, the Obligors and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. The Prospectus and the supplemental Prospectus are available for viewing at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ and www.anglianwater.co.uk and copies may be obtained from Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Repayment of the principal and payment of any interest or premium in connection with the Bonds has not been guaranteed by MBIA UK Insurance Limited or by any other financial institution.

THE BONDS AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT (“REGULATIONS”). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS AND WITHIN THE UNITED STATES AND TO U.S. PERSONS THAT ARE “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT ARE INSTITUTIONS (“INSTITUTIONAL ACCREDITED INVESTORS”), THAT EXECUTE AND DELIVER AN IAI INVESTMENT LETTER, IN TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING IN THE UNITED STATES. FOR A DESCRIPTION OF RESTRICTIONS ON TRANSFERS OF THE BONDS AND DISTRIBUTION OF THESE FINAL TERMS AND THE REMAINDER OF THE PROSPECTUS, SEE “SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS” CONTAINED IN THE PROSPECTUS.

- | | | |
|---|----------------|--|
| 1 | (i) Issuer: | Anglian Water Services Financing Plc |
| | (ii) Obligors: | Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services |

		Overseas Holdings Limited
2	(i) Series Number:	43
	(ii) Tranche Number:	1
	(iii) Nature of Bonds:	USPP Bonds
3	Specified Currency or Currencies:	U.S. dollars (“U.S.\$”)
4	Aggregate Nominal Amount of Bonds:	Series: U.S.\$47,000,000 Tranche: U.S.\$47,000,000
5	Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
	(i) Net Proceeds:	Not Applicable
6	Specified Denominations:	U.S.\$500,000 plus integral multiples of U.S.\$10,000 thereafter
7	Issue Date:	1 August 2012
8	Interest Commencement Date:	1 October 2012
9	Maturity Date:	1 October 2022
10	Interest Basis:	Fixed Rate Bond
11	Redemption/Payment Basis:	Redemption at par plus Make-Whole Amount, if applicable
12	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
13	Call Options:	Issuer Call
14	(i) Status of the Bonds:	The Class B Wrapped Bonds and the Class B Unwrapped Bonds will rank <i>pari passu</i> among each other and are subordinated in terms of interest and principal payments to the Class A Wrapped Bonds and the Class A Unwrapped Bonds. The USPP Bonds will constitute Class B Bonds.
	(ii) Status of the Guarantees:	Senior
	(iii) Date Board approval for issuance of Bonds obtained:	27 July 2012
15	Listing:	None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date. See paragraph 4 of the Annex hereto.
16	Method of Distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Bond Provisions:	Applicable
	(i) Rate(s) of Interest:	5.000 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	1 April and 1 October in each year, commencing 1 April 2013, up to and including the Maturity Date, adjusted in accordance with the Following Business Day Convention

(iii)	Fixed Coupon Amount(s):	U.S.\$25.00 per U.S.\$1,000 nominal amount of the Bonds
(iv)	Broken Amount(s):	None
(v)	Day Count Fraction:	30/360
(vi)	Determination Dates:	Not Applicable
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Bonds:	None
18	Floating Rate Bond Provisions:	Not Applicable
19	Zero Coupon Bond Provisions:	Not Applicable
20	Index Linked Interest/Redemption Bond Provisions:	Not Applicable
21	Indexation Bond Provisions:	Not Applicable
22	Dual Currency Bond Provisions:	Not Applicable
PROVISIONS RELATING TO REDEMPTION		
23	Issuer Call:	Applicable
(i)	Optional Redemption Date(s):	The date specified in any notice delivered by the Issuer pursuant to Condition 10(d) (<i>Redemption at the option of the Issuer (Issuer Call)</i>)
(ii)	Optional Redemption Amount of each Bond and method, if any, of calculation of such amount(s):	Outstanding nominal amount that is to be redeemed pursuant to Condition 10(d) plus the Make-Whole Amount, if any. In the case of a partial redemption of the Bonds, the principal amount of the Bonds to be redeemed shall be allocated amongst all the Bonds at the time outstanding in proportion, as nearly as practicable, to the respective outstanding nominal amounts thereof which have not previously been redeemed and for the purposes of the Bonds the second paragraph of Condition 10(d) will not apply
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	10 per cent. of the outstanding nominal amount of the Bonds
(b)	Maximum Redemption Amount:	Not Applicable
(iv)	Notice period (if other than as set out in the Conditions):	Not Applicable
24	Final Redemption Amount of each Bond:	Outstanding nominal amount.
25	Additional provisions relating to Make-Whole Amount Calculations:	For the purposes of the definition of Reinvestment Yield, the Specified Margin is 0.50 per cent.
26	Early Redemption Amount of each Bond	Outstanding nominal amount.

payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 10(e)):

GENERAL PROVISIONS APPLICABLE TO THE BONDS

- | | | |
|-----------|--|--|
| 27 | Form of Bonds: | |
| | (i) New Global Note: | No |
| | (ii) Registered Bonds: | Yes |
| | | Definitive IAI Registered Bonds (<i>minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$10,000 thereafter</i>). |
| 28 | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Not Applicable |
| 29 | Talons for future Coupons or Receipts to be attached to Definitive Bearer Bonds (and dates on which such Talons mature): | Not Applicable |
| 30 | Details relating to Partly Paid Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Bonds and interest due on late payment: | Not Applicable |
| 31 | Details relating to Instalment Bonds: | |
| | (i) Instalment Amount(s): | Not Applicable |
| | (ii) Instalment Date(s): | Not Applicable |
| 32 | Redenomination applicable: | Not Applicable |
| 33 | Other final terms: | See Annex hereto |

DISTRIBUTION

- | | | |
|-----------|---|--|
| 34 | If syndicated, names of Managers: | Not Applicable |
| | (i) Stabilising Manager (if any): | Not Applicable |
| 35 | If non-syndicated, name of relevant Dealer: | Not Applicable |
| 36 | Additional selling restrictions: | US private placement restrictions as set out in the IAI Investment Letter(s) |

Responsibility

Each of the Obligors accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Holdings Limited:

.....

By:

Duly authorised

Signed on behalf of Anglian Water Services Overseas Holdings Limited:

.....

By:

Duly authorised

Part B – OTHER INFORMATION

1 Listing

Listing None on the Issue Date. The Issuer intends to list the Bonds in London following the Issue Date.

(i) Admission to trading: None on the Issue Date. The Issuer intends to apply for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority following the Issue Date.

(ii) Estimate of total expenses related to admission to trading: Not Applicable

2 Ratings

Ratings: The Bonds to be issued have been rated:
S&P: BBB
Moody's: Baa3
Fitch: BBB+
Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009.

A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension or withdrawal at any time

3 Notification

Not Applicable

4 Reasons for the offer, estimated net proceeds and total expenses

Reasons for the offer: Not Applicable

5 Yield

Indication of yield: 5.00 per cent. per annum
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6 Performance of Index/Formula/Other Variable and other Information Concerning the Underlying

Not Applicable

7 Performance of Rates of Exchange

Not Applicable

8 Operational Information

Intended to be held in a manner which would allow Eurosystem eligibility: No

ISIN: GB00B83TP606

CUSIP:	Not Applicable
PPN:	G0369@ AQ9
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):	Not Applicable
Delivery:	See Annex hereto
Names and addresses of additional Paying Agent(s) (if any):	None
9 General	
Applicable TEFRA exemption:	Not Applicable

ANNEX

1 Taxation

Condition 11 (*Taxation*) shall be deleted and replaced with the following:

“11 Tax gross up and indemnities

11.1 From the Issue Date to but excluding the date on which the Bonds are listed

This Condition 11.1 applies from the Issue Date to but excluding the date (if any) on which the Bonds are listed (and, for the avoidance of doubt, if the Bonds are never listed, this Condition 11.1 shall apply at all times),

(a) *Definitions*

In this Condition 11:

“**Borrower DTTP Filing**” means an H.M. Revenue & Customs’ Form DTTP2 duly completed and filed by the Issuer, which:

(A)

- (i) where it relates to a Treaty Bondholder that is an Original Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified to the Issuer in writing within 10 Business Days of issue of the Bonds; or
- (ii) where it relates to a Treaty Bondholder that is a New Bondholder, contains the DTTP reference number and jurisdiction of tax residence notified in respect of that Bondholder to the Issuer in writing within 10 Business Days of transfer of the Bonds to such Bondholder, and

- (B) is filed with H.M. Revenue & Customs within 30 days of the Issue Date or, as applicable, that transfer date.

“**CTA**” means the Corporation Tax Act 2009.

“**ITA**” means the Income Tax Act 2007.

“**New Bondholder**” means any Bondholder other than an Original Bondholder.

“**Original Bondholder**” means a Bondholder who is issued the Bonds directly by the Issuer.

“**Qualifying Bondholder**” means a Bondholder which is beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds and is:

(A) a Bondholder which is:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes;
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of

the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company; or

(B) a Treaty Bondholder.

“**Tax Confirmation**” means a confirmation by a Bondholder that the person beneficially entitled to interest payable to that Bondholder in respect of an advance under the Bonds is either:

- (i) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (ii) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under the Bonds.

“**Tax Payment**” means the increase in a payment made by the Issuer or any Obligor or any Paying Agent acting on its behalf to a Bondholder under Condition 11(b) (*Tax gross-up*).

“**Treaty Bondholder**” means a Bondholder which:

- (i) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (ii) does not carry on a business in the United Kingdom through a permanent establishment with which that Bondholder’s participation in the Bonds is effectively connected; and
- (iii) is capable of fulfilling any conditions which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain exemption from United Kingdom taxation on interest.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Unless a contrary indication appears, in this Condition 11 a reference to “determines” or “determined” means a determination made in the absolute discretion of the person making the determination.

(b) *Tax gross-up*

- (i) The Issuer or, as the case may be, any other Obligor and any Paying Agent acting on behalf of any such entity, shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (ii) The Issuer shall promptly upon becoming aware that it or any Obligor or any Paying Agent acting on its behalf must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Bondholders accordingly. Similarly, a Bondholder shall notify the Issuer on becoming so aware in respect of a payment payable to that Bondholder. In addition, a Bondholder shall promptly notify the Issuer if it ceases to be a Qualifying Bondholder, including (for the avoidance of doubt) where it has ceased to be beneficially entitled to interest payable on the Bonds as a result of a transfer of its legal or beneficial interest in the Bonds.
- (iii) If a Tax Deduction is required by law to be made by the Issuer or any Obligor or any Paying Agent acting on its behalf, the amount of the payment due from the Issuer or any Obligor or any Paying Agent acting on its behalf shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (iv) A payment shall not be increased under paragraph (iii) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
 - (A) the payment could have been made to the relevant Bondholder without a Tax Deduction if the Bondholder had been a Qualifying Bondholder, but on that date that Bondholder is not or has ceased to be a Qualifying Bondholder other than as a result of any change after the date it became a Bondholder in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
 - (B) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Bondholder has received from the Issuer a certified copy of that Direction; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if that Direction had not been made; or
 - (C) the relevant Bondholder is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and:
 - I the relevant Bondholder has not given a Tax Confirmation to the Issuer; and
 - II the payment could have been made to the Bondholder without any Tax Deduction if the Bondholder had given a Tax Confirmation to the Issuer, on the basis that the Tax Confirmation would have enabled the Issuer to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
 - (D) the relevant Bondholder is a Treaty Bondholder and the Issuer is able to demonstrate that the payment could have been made to the Bondholder without the Tax Deduction had

that Bondholder complied with its obligations under paragraph (vii) or (viii) (as applicable) below.

- (v) If the Issuer or any Obligor or any Paying Agent acting on its behalf is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
 - (vi) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Issuer shall deliver to the relevant Bondholders a statement under section 975 of the ITA or other evidence reasonably satisfactory to those Bondholders that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
 - (vii)
 - (A) Subject to paragraph (B) below, a Treaty Bondholder and the Issuer shall co-operate in completing any procedural formalities necessary for the Issuer or any Obligor or any Paying Agent acting on its behalf to obtain authorisation to make that payment without a Tax Deduction.
 - (B)
 - I A Treaty Bondholder which is issued the Bonds directly by the Issuer, that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing to the Issuer within 10 Business Days of issue of the Bonds; and
 - II a New Bondholder that is a Treaty Bondholder that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to the Bonds, shall confirm its DTTP reference number and its jurisdiction of tax residence in writing directly to the Issuer within 10 Business Days of transfer of the Bonds,
- and, having done so, that Bondholder shall be under no obligation pursuant to paragraph (A) above.
- (C) Each Bondholder that includes the confirmation described in paragraph (B)(I) above or the confirmation described in paragraph (B)(II) above thereby notifies the Issuer that, to the extent that the HMRC DT Treaty Passport scheme is to apply in respect of that Bondholder's holding of the Bonds, the Issuer must file a Borrower DTTP Filing.
- (viii) If a Bondholder has confirmed its DTTP reference number and its jurisdiction of tax residence in accordance with paragraph (vii)(B) above and:
 - (A) the Issuer has not made a Borrower DTTP Filing in respect of that Bondholder; or
 - (B) the Issuer has made a Borrower DTTP Filing in respect of that Bondholder but:
 - I that Borrower DTTP Filing has been rejected by H.M. Revenue & Customs; or
 - II H.M. Revenue & Customs has not given the Issuer authority to make payments to that Bondholder without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and in each case, the Issuer has notified that Bondholder in writing, that Bondholder and the Issuer shall co-operate in completing any additional procedural formalities necessary for the Issuer to obtain authorisation to make that payment without a Tax Deduction.

- (ix) The Issuer shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the relevant Bondholder.
- (x) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder and who is issued the Bonds directly by the Issuer gives a Tax Confirmation to the Issuer by subscribing for the Bonds.
- (xi) A Bondholder who is a Qualifying Bondholder solely by virtue of paragraph (A) of the definition of Qualifying Bondholder shall promptly notify the Issuer if there is any change in the position from that set out in the Tax Confirmation.

(c) *Tax Credit*

If the Issuer makes a Tax Payment and the relevant Bondholder determines that:

- (i) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (ii) that Bondholder has obtained and utilised that Tax Credit,

the Bondholder shall pay an amount to the Issuer which that Bondholder determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Issuer.

(d) *Bondholder status confirmation*

Each Bondholder which becomes a Bondholder after 1 August 2012 shall indicate, in the documentation submitted to the Registrar on registration of the transfer of the Bonds, which of the following categories it falls in:

- (i) not a Qualifying Bondholder;
- (ii) a Qualifying Bondholder (other than a Treaty Bondholder); or
- (iii) a Treaty Bondholder.

If a New Bondholder fails to indicate its status in accordance with this Condition 11(d) then such New Bondholder shall be treated for the purposes of these Conditions (including by the Issuer) as if it is not a Qualifying Bondholder until such time as it notifies the Issuer which category applies.

11.2 From and including the date on which the Bonds are listed

This Condition 11.2 applies from and including the date on which the Bonds are listed.

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by the Issuer and the other Obligors or by any Paying Agent, the Registrar, the Bond Trustee or the Security Trustee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, any other Obligor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such

withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom or, in the case of payments made by AWS Overseas Holdings, the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Definitive IAI Registered Bond representing such Bond for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Definitive IAI Registered Bond representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

“**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or (in the case of payment by AWS Overseas Holdings) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.”.

2 Payment and delivery

2.1 On the Documentation Closing Date

The Definitive IAI Registered Bonds in respect of the Bonds (the “**Relevant Definitive IAI Registered Bonds**”) shall be delivered by, or on behalf of, the Issuer to Winston & Strawn LLP to be held in escrow for the holders of the Bonds until the Funding Date, provided that:

- (i) no holder of the Bonds or the Issuer shall have any entitlement to receive any Relevant Definitive IAI Registered Bond except in accordance with this paragraph 2; and
- (ii) Winston & Strawn LLP delivers to the Issuer, promptly upon receipt of such Relevant Definitive IAI Registered Bonds and in any event, no later than 4.00 p.m. (London time) a letter substantially in the form agreed between Winston & Strawn LLP and the Issuer, confirming, among other things, receipt by Winston & Strawn LLP of such Relevant Definitive IAI Registered Bonds.

2.2 On the Funding Date

2.2.1 Each holder of the Relevant Definitive IAI Registered Bond shall by no later than 7.00 p.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 holder of the Relevant Definitive IAI Registered Bond prior to the Documentation Closing Date) in U.S.\$ and in immediately available cleared funds an amount equal to the Aggregate Nominal Amount of the Bonds.

2.2.2 Promptly following receipt of the Aggregate Nominal Amount of the Bonds, the Issuer shall deliver a letter to Winston & Strawn LLP:

- (i) confirming receipt of such amount; and
- (ii) giving instructions to Winston & Strawn LLP to release the Relevant Definitive IAI Registered Bonds to the respective holders of the Bonds.

2.3 Return of Relevant Definitive IAI Registered Bonds

If the Issuer has not received the Aggregate Nominal Amount of the Bonds by 8.00 p.m. (London time), or any later time that has been agreed in writing by the parties, on the Funding Date:

2.3.1 Winston & Strawn LLP shall:

- (i) promptly deliver each Relevant Definitive IAI Registered Bond in respect of the Bonds to the Issuer; and
- (ii) promptly notify (a) the Issuer, (b) the Registrar, (c) the Bond Trustee and (d) the Security Trustee that each Relevant Definitive IAI Registered Bond has so been returned, and

2.3.2 the Issuer shall procure that the Registrar, following receipt of the notification to it by the Winston & Strawn LLP in paragraph 2.3.1(ii) above, cancel each Relevant Definitive IAI Registered Bond and update the Register accordingly.

2.4 No obligation to release and deliver the Relevant Definitive IAI Registered Bonds by Winston & Strawn LLP

In no circumstance will Winston & Strawn LLP be obliged to release and deliver the Relevant Definitive IAI Registered Bonds to any holder of the Bonds unless each of the following conditions are met and are continuing:

- (i) the Relevant Dealer has received payment in respect of the Aggregate Nominal Amount of the Bonds from all the relevant holders of the Bonds on or before the Funding Deadline; and
- (ii) the Issuer has received an amount equal to the Aggregate Nominal Amount of the Bonds in an account in its name.

2.5 No Liability

No Liability and no Secured Liability shall arise on the part of the Issuer or any other Obligor or shall be owed by the Issuer or any Obligor to the holder of a Relevant Definitive IAI Registered Bond (including, without limitation, under these Final Terms or any Finance Document to which a holder of the Relevant Definitive IAI Registered Bond is a party) until the Funding Date, provided that the steps set out in paragraph 2.2 are satisfied.

2.6 Definitions for paragraph 2

For the purposes of this paragraph 2:

“**Aggregate Nominal Amount**” has the meaning given to it in Part A of these Final Terms;

“**Documentation Closing Date**” means 1 August 2012;

“**Funding Date**” means 1 October 2012;

“**Liability**” has the meaning given to it in the Master Definitions Agreement;

“**Obligor**” has the meaning given to it in the Master Definitions Agreement;

“**Relevant Dealer**” means Barclays Bank PLC;

“**Register**” has the meaning given to it in the Master Definitions Agreement;

“**Secured Liability**” has the meaning given to it in the Master Definitions Agreement; and

“**U.S.\$**” means the Specified Currency (as used in these Final Terms).

3 Amendments

The Issuer and AWS will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of the Bonds issued under these Final Terms (the “**Relevant Bondholder**”) as consideration for or as an inducement to the entering into by any waiver or amendment of any of the terms and provisions in these Final Terms unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, rateably to each Relevant Bondholder then outstanding even if such Relevant Bondholder did not consent to such waiver or amendment.

4 Listing

The Issuer and AWS undertake to the holders of the Bonds that they shall use reasonable endeavours to list the Bonds prior to the first Interest Payment Date of the Bonds. Following the successful listing of the Bonds, the Issuer and AWS shall promptly notify the holders of the Bonds of such listing.

GENERAL INFORMATION

1 Authorisation

The issue of the Bonds has been duly authorised by resolution of the Board of Directors of the Issuer dated 27 July 2012. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.

The giving of the Guarantee by each of Anglian Water, Anglian Water Services Holdings Ltd and Anglian Water Services Overseas Holdings Limited has been duly authorised by resolutions of the Board of Directors of each of Anglian Water, Anglian Water Services Holdings Ltd and Anglian Water Services Overseas Holdings Limited, respectively, dated 25 June 2002 and 10 June 2003.

2 Use of Proceeds

The Issuer intends to on-lend the proceeds of the issue of the Bonds to Anglian Water to be applied by Anglian Water for its general corporate purposes.

3 Listing of Bonds

The admission of the Bonds to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest).

4 Documents Available

So long as the Bonds remain outstanding, copies of the following documents, including all audit reports, will, when published, be available for inspection from the Anglian Water headquarters at Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ, and from the specified offices of the Paying Agents for the time being:

- (i) the Memorandum and Articles of Association of each of the Issuer and the other Obligors;
- (ii) the audited consolidated and non-consolidated (as the case may be) financial statements of Anglian Water for each of the two years ended 31 March 2011, the audited financial statements in respect of the Issuer and Anglian Water Services Holdings Ltd for each of the two financial years ended 31 March 2011;
- (iii) the most recently published unaudited interim financial statements (if any) of each Obligor;
- (iv) the Programme Agreement, the Agency Agreement, the Bond Trust Deed, the STID and the forms of the Global Bonds, the Bonds in definitive form, the Receipts, the Coupons and the Talons;
- (v) a copy of the Base Prospectus and the supplemental prospectuses thereto dated 5 December 2011, 7 March 2012 and 1 June 2012;
- (vi) this Prospectus and any future supplements thereto;
- (vii) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a set of Final Terms relating to an unlisted Bond will only be available for inspection by a holder of such Bond and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Bonds and identity) to this Prospectus and any other documents incorporated herein or therein by reference;
- (viii) in the case of each issue of listed Bonds subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document);

- (ix) the Common Terms Agreement;
- (x) the Security Agreement;
- (xi) the STID;
- (xii) each Liquidity Facility Agreement;
- (xiii) each Hedging Agreement;
- (xiv) each Authorised Loan Agreement;
- (xv) the Existing Finance Lease;
- (xvi) the I&I Agreements; and
- (xvii) the Master Definitions Agreement.

5 Clearing Systems

The Bonds will not be cleared through any clearing system.

6 Significant or Material Change

There has been no significant change in the consolidated financial or trading position of Anglian Water, nor any material adverse change in the financial position or prospects of Anglian Water following the financial year end on 31 March 2012.

There has been no material adverse change in the financial position or prospects of the Issuer following financial year end on 31 March 2012.

There has been no material adverse change in the financial position or prospects of each of Anglian Water Services Holdings Ltd or Anglian Water Services Overseas Holdings Limited following financial year end on 31 March 2012.

7 Litigation

Anglian Water is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Anglian Water is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of Anglian Water and its subsidiary.

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer.

Neither of Anglian Water Services Holdings Ltd nor Anglian Water Services Overseas Holdings Limited is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either of Anglian Water Services Holdings Ltd or Anglian Water Services Overseas Holdings Limited is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of Anglian Water Services Holdings Ltd or Anglian Water Services Overseas Holdings Limited.

8 Auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors (a member of the Institute of Chartered Accountants in England and Wales), of Cornwall Court, 19 Cornwall Street,

Birmingham B3 2DT, have audited, without qualification, the financial statements of Anglian Water, the Issuer and Anglian Water Services Holdings Ltd for the years ended 31 March 2011 and 31 March 2012 in accordance with International Standards on Auditing (UK and Ireland).

Anglian Water Services Overseas Holdings Limited, being an exempted company incorporated with limited liability under the laws of the Cayman Islands, is not obliged by statute to prepare audited accounts.

The reports of PricewaterhouseCoopers LLP dated 1 June 2012 (in respect of the year ended 31 March 2012) and 27 May 2011 (in respect of the year ended 31 March 2011) on Anglian Water, the Issuer, and Anglian Water Services Holdings Ltd., stated as follows: “This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.”.

PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion herein of its accountants report and references to its name in the form and context in which they are included and has authorised the contents of those parts of the Prospectus for the purpose of rule 5.5.4R(2)(f) of the Prospectus Rules.

9 Information in respect of the Bonds

The Issuer does not intend to provide any post-issuance information in relation to any issues of Bonds, but see the Common Terms Agreement for details of the Investors Report.

10 Material Contracts

Anglian Water has not entered into contracts outside the ordinary course of its business, which could result in Anglian Water or any member of its group being under an obligation or entitlement that is material to Anglian Water’s ability to meet its obligation to holders of Bonds in respect of the Bonds being issued.

11 Third Party Information

Information contained in this Prospectus 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.

**ANGLIAN WATER SERVICES OVERSEAS HOLDINGS LIMITED UK GAAP
HISTORICAL FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED 31
MARCH 2011 AND 31 MARCH 2012 TOGETHER WITH AN ACCOUNTANTS' REPORT
PREPARED IN CONNECTION THEREWITH**

	Pages
Independent accountants' report	F-2 – F-3
Profit and loss account	F-4
Balance sheet	F-5
Notes to the financial statements	F-6 – F-8



The Directors
Anglian Water Services Overseas Holdings Limited
PO Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

2 October 2012

Dear Sirs

Anglian Water Services Overseas Holdings Limited (the “Company”)

We report on the financial information set out on pages F-4 to F-8 below (the “**UK GAAP Financial Information**”). The UK GAAP Financial Information has been prepared for inclusion in the prospectus dated 2 October 2012 (the “**Prospectus**”) of Anglian Water Services Financing Plc on the basis of the accounting policies set out in note 1. This report is required by item 11.1 of Annex IX to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the UK GAAP Financial Information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion as to whether the UK GAAP Financial Information gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.4R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.1 of Annex IX to the PD Regulation to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the UK GAAP Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the UK GAAP Financial Information and whether the accounting policies are appropriate to the Company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.



UK GAAP Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the UK GAAP Financial Information gives, for the purposes of the Prospectus dated 2 October 2012, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits for the periods then ended in accordance with the basis of preparation set out in note 1.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex IX to the PD Regulation.

Yours faithfully

A handwritten signature in black ink, which appears to read 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP
Chartered Accountants

ANGLIAN WATER SERVICES OVERSEAS HOLDINGS LIMITED

UK GAAP HISTORICAL FINANCIAL INFORMATION

Profit and loss account

For the years ended 31 March 2011 and 31 March 2012

Note	2012 £m	2011 £m
Turnover	-	-
Total operating costs	-	-
Operating profit	-	-
Income from fixed asset investments	483.6	448.1
Profit on ordinary activities before taxation	483.6	448.1
4 Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation for the financial period	483.6	448.1

The results above arise from continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit on ordinary activities after taxation for the financial period as stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the profit and loss account for the financial period above.

Balance sheet

At 31 March 2011 and 31 March 2012

Note		2012 £m	2011 £m
6	Fixed asset investments	300.0	300.0
	Current assets		
	Debtors	1.0	0.5
	Current liabilities		
	Creditors: amount falling due within one year	(1.0)	(0.5)
	Net assets	300.0	300.0
	Capital and reserves		
7	Called up share capital	300.0	300.0
	Profit and loss account	-	-
8	Total shareholders' funds (all equity)	300.0	300.0

Notes 1 to 10 form part of this financial information.

Notes to the financial information for the financial years ended 31 March 2011 and 31 March 2012

1. Accounting policies

This financial information has been prepared on the historical cost basis in accordance with the United Kingdom Generally Accepted Accounting Practices (UK GAAP).

The principal accounting policies are summarised below. They have all been applied consistently throughout the year ended 31 March 2011 and the year ended 31 March 2012.

b) Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Dividend income from fixed asset investments is recognised in the period in which the dividend is received or when the company has a legal commitment from the subsidiary.

c) Related party transactions

The company has taken advantage of the exemption not to disclose transactions with other members of the group under Financial Reporting Standard (FRS) 8 “Related Party Disclosures” as it is a wholly owned subsidiary.

d) Cash flow statement

Under FRS 1 “Cash flow statements” the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

e) Group accounts exemption

The company is not required to prepare group financial statements and to deliver them to the Registrar of Companies. The financial information here, therefore, present information about the Company as an individual undertaking and not about its group. The company is included within the consolidated financial statements of AWG Limited, the company’s ultimate parent undertaking, which is incorporated in Jersey.

f) Dividends

Dividends are recognised as a liability in the period in which they are approved. Interim dividends are recognised in the period in which they are paid or when the company has a constructive or legal commitment to pay the dividend.

2. Employee information and Directors’ emoluments

The company has no employees (2011: nil). Anglian Water Services Limited employees undertake all the activities of the company.

The Directors receive no emoluments (2011: £nil) from the company or have any contributions made on their behalf to any pension scheme.

3. Auditors' and reporting accountants remuneration

The remuneration for audit and reporting accountants services is borne by Anglian Water Services Limited and not recharged to the company.

4. Taxation

The company's income in the year ended 31 March 2011 and in the year ended 31 March 2012 relates entirely to non taxable dividends and therefore no tax charge arises in either year.

5. Dividends

	2012	2011
	£m	£m
Current year interim paid	282.6	327.6
Current year interim committed	1.0	0.5
Previous year interim paid	200.0	120.0
	<u>483.6</u>	<u>448.1</u>

The 2011 dividend committed of £0.5 million was paid in June 2011. The 2012 dividend committed of £1.0 million was paid in June 2012.

The directors have paid an interim dividend on 1 June 2012 of £86.0 million and a further interim dividend on 29 June 2012 of £48.1 million. On 4 September 2012, the directors proposed a dividend of £49.2 million to be paid in October 2012. These dividends have not been accounted for in the 2012 financial information as they have been proposed and approved after the year end.

6. Fixed asset investments

	2012	2011
	£m	£m
Shares in subsidiary undertaking	<u>300.0</u>	<u>300.0</u>

The fixed asset investment represents the investment in the company's wholly owned subsidiary Anglian Water Services Limited whose principal activity is the provision of drinking water and the treatment of wastewater. Anglian Water Services Limited is incorporated in England and Wales.

7. Called up share capital

	2012	2011
	£m	£m
Authorised		
300,000,000 ordinary shares of £1 each	<u>300.0</u>	<u>300.0</u>
Allotted, issued and fully paid		
300,000,000 ordinary shares of £1 each	<u>300.0</u>	<u>300.0</u>

8. Movements in shareholder's funds

	Share capital	Profit and loss account	2012 Total	2011 Total
	£m	£m	£m	£m
At beginning of year	300.0	-	300.0	300.0
Profit for the financial period	-	483.6	483.6	448.1
Dividends	-	(483.6)	(483.6)	(448.1)
At end of year	300.0	-	300.0	300.0

9. Contingent Liabilities

The company, as part of the Anglian Water Services group of companies, guarantees unconditionally and irrevocably all the borrowings of Anglian Water Services Financing Plc, which at 31 March 2012 amounted to £5,729.8 million (2011: £5,364.9 million). In addition there is a fixed charge over the issued share capital of the company in respect of these borrowings.

The borrowings of Anglian Water Services Limited and Anglian Water Services Holdings Limited are also guaranteed unconditionally and irrevocably by the company which at 31 March 2012 amounted to £1,668.4 million (2011: £1,671.2 million). These include a £1,609.1 million (2011: £1,609.1 million) loan made by Anglian Water Services Limited to Anglian Water Services Holdings Limited and £59.3 million (2011: £62.1 million) in finance leases owed by Anglian Water Services Limited to third parties.

Subsequent to 31 March 2012 Anglian Water Services Financing Plc has issued £315 million of new debt offset by repayments of £210.7 million.

10. Ultimate parent company

The company's immediate parent undertaking is Anglian Water Services Holdings Limited, a company registered in England and Wales.

Osprey Acquisitions Limited is the parent company of the smallest group to consolidate the financial statements of the company.

Anglian Water Group Limited is the parent company of the largest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

The Directors consider Anglian Water Group Limited, a company registered in Jersey, to be the ultimate parent company. Anglian Water Group Limited is itself owned by a consortium of investors consisting of the Canada Pension Plan Investment Board, Colonial First State Global Asset Management, Industry Funds Management, and 3i.

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