



Anglian Water (Osprey) Financing Plc

(incorporated with limited liability in England and Wales under the United Kingdom Companies Act 2006, as amended from time to time, with registered number 7476767)

£1,000,000,000

Guaranteed Secured Medium Term Note Programme unconditionally and irrevocably guaranteed by

Osprey Acquisitions Limited

(incorporated with limited liability in England and Wales with registered number 5915896)

This Supplement (the "**Supplement**") to the prospectus dated 9 October 2014 (the "**Base Prospectus**") which comprises a base prospectus and a supplementary prospectus dated 4 December 2014 (together with the Base Prospectus, the "**Prospectus**"), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**") and is prepared in connection with the £1,000,000,000 Guaranteed Secured Medium Term Note Programme (the "**Programme**") established by Anglian Water (Osprey) Financing Plc (the "**Issuer**").

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer.

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

The purpose of this Supplement is to notify Bondholders of:

- (a) the matters described below in relation to the AWSF Supplement; and
- (b) the refinancing of the existing bank facility dated 7 January 2011 between, among others, the Issuer, Osprey Acquisitions Limited (the "**Guarantor**") and The Royal Bank of Scotland plc as agent. The existing bank facility shall be refinanced by a new £125,000,000 revolving credit facility agreement dated on or about 26 March 2015 (the "**New RCF**") with a final maturity date falling in March 2020. The initial lenders under the New RCF are The Royal Bank of Scotland plc, HSBC Bank plc, Lloyds Bank plc, Barclays Bank PLC, Bank of China, London Branch, BNP Paribas and ING Bank N.V., London Branch. The events of default, covenants, negative pledge and financial covenants are substantially similar to those in the Existing Facilities Agreement.

On 27 March 2015, Anglian Water Services Financing plc ("**AWSF**") published a supplementary prospectus (the "**AWSF Supplement**") to notify its bondholders of:

- (i) the receipt by Anglian Water Services Limited of Ofwat's Final Determination (relating to its business plan to 2020) on 12 December 2014 and that Anglian Water Services Limited will not be applying for this Final Determination to be referred to the Competition and Markets Authority. In the Final Determination, Ofwat has set controls on the prices that Anglian Water may charge consumers for the 2015-2020 period ("**AMP6 Period**");
- (ii) the updates to Condition B of the Licence by Ofwat to allow setting of price controls under the Final Determination. The updated Condition B of the Licence allows Ofwat to set separate price controls for household retail and non-household retail consumers;
- (iii) additional financial and information covenants which have been added to the Common Terms Agreement to protect Secured Creditors (including Bondholders). Changes proposed by Ofwat, as part of its price review for the

AMP6 Period, include a new revenue building block approach to set price limits. Under Ofwat's new approach, the regulatory capital charges will be different from before and, as a consequence, the existing post maintenance interest cover ratios will not protect AWSF's Secured Creditors as originally intended as CCD and IRC (which are inputs in such ratios) will no longer be published by Ofwat. A new conformed post maintenance interest cover ratio has been added to the Common Terms Agreement as an additional covenant to protect AWSF's Secured Creditors and references to Class A PMICR and Senior PMICR across the Finance Documents have been supplemented with the addition of conformed equivalents. A new conformed information covenant has also been added to the Common Terms Agreement to facilitate the financial information comparison between the regulatory price determinations, the financial statements and the calculation of financial covenants; and

- (iv) the revision of Fitch's outlook of the Class A Bonds and Class B Bonds issued by AWSF from 'stable' to 'negative'.

Such matters are material to the assessment of Anglian Water Services Limited ("**AWS**") and accordingly material to Osprey Acquisitions Limited (the "**Guarantor**") as the Guarantor is a holding company with no operations and relies on its operating subsidiaries, such as AWS, to provide it with funds necessary to meet its financial obligations. As a result, the significant new factors disclosed in the AWSF Supplement constitute significant new factors for the Notes since payments under the Notes are reliant on, among other things, the financial performance and revenues of AWS.

A copy of the AWSF Supplement has been filed with the United Kingdom Financial Conduct Authority (the "**FCA**") and, by virtue of this Supplement, only the information in the AWSF Supplement that relates to "*Risk Factors*", Chapter 4 (*Anglian Water Business Description*), Chapter 6 (*Financing Structure*), Chapter 10 (*Regulation of the Water and Waste Industries in England and Wales*) and Chapter 16 (*Index of Defined Terms*) of the AWSF prospectus dated 9 October 2014 is incorporated in, and forms part of, the Prospectus.

Copies of all documents incorporated by reference in the Prospectus can be obtained from the website of Anglian Water Services Limited at <http://www.anglianwater.co.uk> and from the Anglian Water headquarters at Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, United Kingdom PE29 6YJ and from the specified offices of the Paying Agents for the time being, as described on page 103 of the Prospectus. Please note, however, that the content of the website is not being incorporated by reference into the Prospectus by way of this Supplement.

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

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

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

Investors who have subscribed to the Bonds under the terms of the Prospectus prior to the publication of this Supplement have a right of withdrawal pursuant to section 87Q(4) of FSMA for two clear business days following the date of publication of this Supplement.

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

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