

By email

██████████  
Company Secretary,  
Anglian Water Services Ltd  
Lancaster House, Lancaster Way  
Ermine Business Park,  
Huntingdon  
PE29 6XU

cc: ██████████, Finance Director and ██████████, Regulation Director

25 March 2022

Dear ██████████,

## Water and Sewerage Appointees – Definition of “Issuer Credit Rating”

In a [letter dated 12 August 2020<sup>1</sup>](#), we set out which credit ratings we considered fell within the definition of Issuer Credit Rating as defined in Condition A of Anglian Water's licence, and accordingly, which ratings would be monitored for licence compliance purposes under Condition P. That letter confirmed that the relevant credit ratings for licence compliance purposes were a corporate family rating assigned by Moody's and a Class A rating assigned by Standard and Poor's.

In June 2021 Anglian Water announced a new financing strategy which included prepayment of all Class B debt in the regulated company and a reduction in gearing. Following the new capital structure, Anglian Water Services Limited (or its financing company, Anglian Water Services Financing Plc) holds the following credit ratings from Fitch, Moody's and Standard & Poor's. This letter updates and replaces the letter of 12 August 2020, taking account of the revisions to Anglian Water's capital structure in 2021.:

AGENCY	TYPE
Fitch	<ul style="list-style-type: none"><li>Class A Debt</li></ul>
Moody's	<ul style="list-style-type: none"><li>Class A Debt</li><li>Corporate Family Rating</li></ul>
Standard & Poor's	<ul style="list-style-type: none"><li>Class A Debt</li></ul>

The definition of Issuer Credit Rating as set out in Condition A is appended to this letter and our assessment is carried out against limbs (a) to (c) of that definition.

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<sup>1</sup> [Letter to company secretaries definition of Issuer Credit Ratings – Anglian Water](#), 12 August 2020

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## **Credit ratings that fall under limb (a) of the definition of Issuer Credit Rating**

There are currently no ratings held by Anglian Water Services Limited, or any Associated Company which issues corporate debt on its behalf, which meet the criteria set under limb (a).

## **Credit ratings that fall under limb (b) of the definition of Issuer Credit Rating**

We continue to monitor the following rating for regulatory purposes, under limb (b) as set out in our letter dated 12 August 2020:

- Moody's CFR (limb b)

Any approval will fall away in the event that there are changes to the structure of the corporate family group which is the subject of the rating.

## **Credit ratings that fall under limb (c) of the definition of Issuer Credit Rating**

We continue to monitor the following rating for regulatory purposes under limb (c) as set out in our letter dated 12 August 2020:

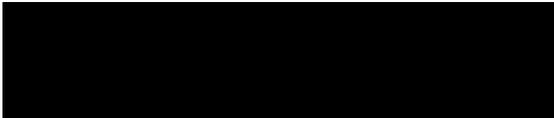
- Standard & Poor's Class A issue rating – provided that Anglian Water Services Limited (or any Associated Company) does not obtain an alternative rating from Standard & Poor's that falls under limb (a) of the licence definition and provided there is no material increase in the proportion of Class B subordinated debt.

We have also determined that the following rating is sufficiently reflective of the Appointee's creditworthiness and therefore meets the definition under limb (c):

- Fitch Class A Debt Rating – provided that Anglian Water Services Limited (or any Associated Company) does not obtain an alternative rating from Fitch that falls under limb (a) of the licence definition, and provided there is no Class B subordinated debt.

The retention of an Issuer Credit Rating which is an Investment Grade Rating remains an important protection for regulatory purposes. Should there be any change to your credit ratings you should notify us in writing as soon as possible. This includes if any additional credit ratings to those listed above are obtained, or if any of the above credit ratings are withdrawn. Please also notify us if there are any upgrades, downgrades or changes in outlook to any ratings held.

Yours sincerely,



**Director**

## Appendix

As set out in licence Condition A, an “Issuer Credit Rating” means:

- (a) an issuer credit rating assigned to the Appointee or any Associated Company which issues corporate debt on its behalf by a Credit Rating Agency;
- (b) a Corporate Family Rating assigned by a Credit Rating Agency to a corporate group of which the Appointee is a member and which has been approved for this purpose by Ofwat; or
- (c) a rating assigned by a Credit Rating Agency to the Appointee or any Associated Company, for so long as Ofwat has determined in writing that this rating sufficiently reflects the creditworthiness of the Appointee.